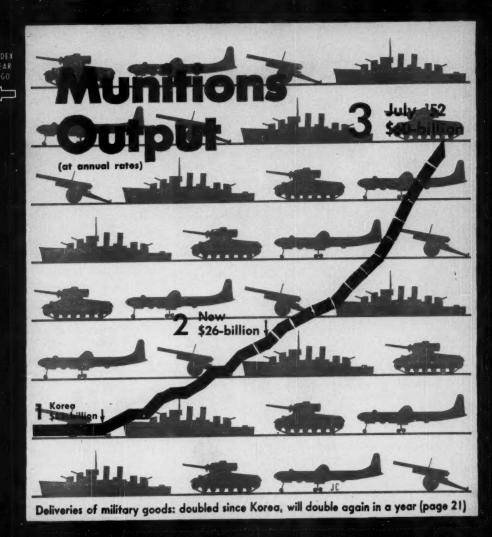
# BUSINESS WEEK



A MCGRAW HILL PUBLICATION

JUNE 9, 1951

WANTY FIVE CENTS



News of developments from General Electric's Chemical Department that can be important to your business.



Once again the unique properties of silicones are helping to revolutionize an industry. Furniture polish manufacturers (like O-Cedar Corp'n) find that a properly formulated polish containing G-E silicone oils combines the protective qualities of wax with the easy application features of oils. G-E silicone oils also make furniture polishes more resistant to ultraviolet rays and to water.

Industry already knows how auto polishes have been improved by adding General Electric silicone oils. The new success in the furniture polish field is expected to encourage still other polish makers to improve their products through G-E silicones.

#### G-E CHEMICAL FACILITIES HELP SPEED DEFENSE PRODUCTION

General Electric chemical products expedite the nation's preparedness program in many ways. G-E chemical plants from Massachusetts to California are turning out such vital defense items as plastics parts, insulating materials, silicone products and protective finishes.

The pistol-grip handle for this searchlight is molded of G-E rubber-phenolic compound. The high internal resilience of this compound reduces breakage during assembly and in actual service. G-E rubber-phenolics have five times the shock-resistance of conventional phenolics.



Interested in better polishes? Write for details to Chemical Department, General Electric Company, Pittsfield 13, Massachusetts.

PLASTICS COMPOUNDS . SILICONES . INSULATING MATERIALS . GLYPTAL® ALKYD RESINS . PLASTICS LAMINATING, MOLDING, AND EXTRUDING

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GENERAL & ELECTRIC





SEVENTY-FIVE YEARS AGO, Alexander Graham Bell's greatest invention—the telephone—spoke its first words. One year later, Western Electric made its first Bell telephone—and we've been at it ever since.



VALUABLE ALWAYS, dependable telephone service is a national asset that is priceless in tense times like these. It is our job as the manufacturing unit of the Bell System to help provide that kind of service.



AS THE ARMED FORCES request it, we also put our specialized Bell telephone experience to work making electronic and communications equipment. Today we are rapidly increasing production of the things they need from us to help defend freedom.





#### **Enameling Iron has millions of them!**

The octopus gets by with just a few tentacles
—but that's not nearly enough for many
manufacturers of fine porcelain enameled products.

Armco Enameling Iron has millions of metal fingers on its surface which hold the glass-hard porcelain enamel finish in a lifetime bond.

These microscopic tentacles are developed when the porcelain enamel is melted and fused to the special iron base under terrific heat. So tenacious is their grip that the porcelain enamel surface gives years of dependable service in washing machines, kitchen ranges, refrigerators and many other products.

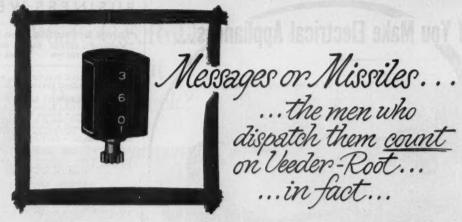
This is only one of the special steels developed by Armco to help manufacturers improve home and industrial products—including the kitchen sink!

The famous Armco trademark on any product tells buyers an *extra*-quality steel was selected to give them longer service and more satisfaction.

#### ARMCO STEEL CORPORATION

MIDDLETOWN, OHIO, WITH PLANTS AND SALES OFFICES FROM COAST TO COAST THE ARMCO INTERNATIONAL CORPORATION, WORLD-WIDE





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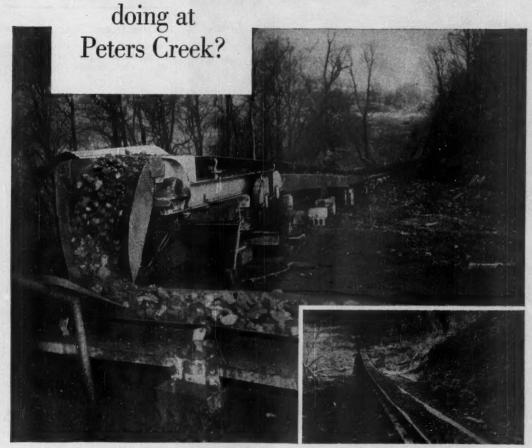
ADVERTISING & BUSINESS MANAGER Herman C. Sturm

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What's U.S. Rubber



Its Belts are carrying 300 tons of crushed coal per hour. These belts, three in number, are known as U.S. Giant 4-ply Style XN Conveyor belts, of patented nylon construction. They connect the crusher to the tipple of Peters Creek coal mine. The belts replaced 10-ton trucks which always became mired in winter mud. This unusual conveyor installation provides a steady, dependable flow of coal over hills and through valleys, saving trucking and handling.

When you have a coal haulage problem, call in a U.S. Rubber engineer. He is a specialist in overcoming obstacles, lowering haulage costs.



Large photo shows coal being transferred from one belt of 3100' centers to belt of 1700' centers. Small photo shows section of the 3100'-center belt. Note the troughability and excellent training.



Here the 1700' center belt carries the coal along to the tipple. Note how it "contours" or hugs the terrain, taking the straightest possible course to its destination.

UNITED STATES RUBBER COMPANY

MECHANICAL GOODS DIVISION . POCKESSILES CENTED NEW YORK 20 M V



ScotTissue Towels are a symbol of the right kind of washroom. Softer, more pleasant to the touch and more absorbent, they stay tough when wet because of a patented "Duralose" treatment. ScotTissue Towels are less expensive in the long run because one towel dries both hands.

Washrooms rank as one of the four most important factors in good working conditions—according to a survey of workers from 400 plants. Always specify ScotTissue Towels and you'll be doing your employees a real favor. For suggestions on how to improve washrooms generally call on the Washroom Advisory Service, Scott Paper Co., Chester, Pa.

Trade Marks "Duralose," "ScotTissue," "Washroom Advisory Service," Reg. U. S. Pat. Off.

## SCOTTISSUE TOWELS

Symbol of the right kind of washroom

## In BUSINESS this WEEK ...

#### Mother Doesn't Bake Anymore

 The shift in the market for flour has forced the milling industry to consolidate. That's brought a revamping of production methods.

#### 60 Men and Some Fish

• How Station WBAY built goodwill with a fisherman's holiday. P. 70

#### Boom in Potash

• Supply and demand are about even now. But new output could upset the balance. P. 84

#### Under the Deadline

• Westinghouse was one of the few big companies ready to file new price ceilings on time. How it did it. P. 110

#### Who Killed Fair Trade?

• A profile of the Schwegmann brothers, the men whose case knocked out the vital nonsigner clause. P. 120

#### **Back to Textiles**

 With hard goods curtailed, Britain is banking on textiles to carry the export load.
 P. 148

#### THE DEPARTMENTS

Business Abroad
Business Outlook
Commodities 84
Companies 92
Defense Business
Entertainment 60
Figures of the Week
Finance 124
International Outlook 143
Labor 32
Management
Marketing
The Markets 130
New Products
Production 42
Promotion
Readers Report 64
Regions
Small Business 70
The Trend 152
Washington Outlook 17

# Fire-eater that never stops eating! All day, flaming ladles of molten metal are poured into the mold of this new continuous casting machine here in the Bristol mills. And so are combined the most modern production methods with the strictest standards of quality. Bristol mills. And so are combined the most modern production methods with the strictest standards of quality... to make every shipment of sheet, rod and wire measure up to what we (and our customers) refer to as "Bristol-Fashion." The Bristol Brass Corporation, since 1850 in Bristol, Conn. Offices or warehouses in Eoston, Chicago, Cleveland, Dayton, Detroit, Los Angeles, Milwaukee, New York, Philadelphia, Providence, Rochester. "Bristol-Fashion" means Brass at its Best



Over and over, down a 50-foot revolving cylinder, millions of adhesive-coated cork particles cascade through chilled air. Warm and sticky, these particles could gum up the works in nothing flat. But cooled, they flow like salt from a shaker into machines that produce the familiar disc found the world over in beverage bottle caps.

Westinghouse Air Conditioning helps Crown Cork & Seal here . . . also solves cork storage problems involvWestinghouse can put air to work for you, too... with air conditioning, air handling and air cleaning equipment. Call the Westinghouse Air Conditioning Distributor in the classified directory, or write Westinghouse Electric Corp., Air Conditioning Division, Hyde Park, Boston 36, Mass.

YOU CAN BE SURE ... IF IT'S

Westinghouse



## BUSINESS OUTLOOK

BUSINESS WEEK JUNE 9, 1951



The U.S. economy is still pointing upwards—even though consumers have cut their buying.

The "readjustment," or "technical correction," or whatever you want to call it has done remarkably little damage so far.

Take a look at employment—one of the first things to go sour when times get tough. In May employment rose to 61.2-million—up 1.1-million in the month and 1½-million over the year before.

The seasonal rise in farm workers accounted for the bulk of the increase. But nonfarm employment also rose by 353,000. And this at a time when conversion to war work is finally beginning to bite into civilian output (page 21).

If you find it hard to get workers, here's why:

Unemployment at 1.6-million in May was less than any month since October, 1945. That's getting pretty close to the practical peacetime minimum. The unemployment rate in May was only 2½% of the labor force.

Merchants with bulging warehouses and groaning shelves would laugh ruefully. But you can't rule out the possibility of another "buying wave" before fall.

Loaded shelves kill customer interest—especially when coupled with high prices. But shortages could turn indifference into frenzied buying—even at still higher prices.

Shortages in some consumer hard goods aren't far off. And the funny thing is that most people know it. Ordinarily that would stampede buyers into a rush to the counters. But it's a case of crying "wolf" once too often. The consumer bought hand over fist last fall, expecting shortages. Now he has to be shown that the merchandise isn't coming into the stores.

There is nothing the matter with retail sales that the smell of a bargain won't cure. The price war in New York proves that (page 23).

The items involved—the ones formerly covered by the fair trade law—make up only a small part of retail sales. Yet look what happened when the price cutting got customers into the stores:

In New York the "price war" promptly pushed department store sales up 25% over the same week a year ago. And it wasn't only fair traded goods that moved over the counter. Once you get people in the mood to buy, everything doesn't have to go at bargain prices.

Consumer durable goods manufacturers, suffering from a shortage of customers, are trooping to Washington. They are centering their fire on Regulation W.

Whether or not the regulation contributed to the buying slump, one thing is sure: It stopped any further swelling in outstanding consumer credit. And to the sellers that means a lot of potential sales died aborning.

The tightened credit did more than just keep instalment sale credit from rising—as it had since 1945. Since October, 1950, the amount outstanding has actually dropped \$606-million.

A continued soft demand for civilian goods would help speed up the military program.

Firms with declining civilian business lose no time in seeking out and

### BUSINESS OUTLOOK (Continued)

BUSINESS WEEK JUNE 9, 1951 starting on government contracts. And the contracts are getting more plentiful every day.

Military purchasing has doubled since Korea. By yearend it will be three times higher than it was then.

Businessmen—who necessarily have to buy goods for the future but sell in the present—are pulling in their horns.

The National Assn. of Purchasing Agents says that 83% of its members now buy for only 90 days ahead—with a trend developing to 60 days—and even 30 days.

But even in the face of the slackening in business, most forecasters cling doggedly to the line that inflation—not deflation—will be the problem in coming months.

Editors of the 1951 Commodity Year Book see commodities hitting bottom this summer. Then the normal seasonal rebound will be "accompanied by full-scale armament activity and by new inventory buying based on the probability that previous surpluses will have been worked off."

The lagging freight car program finally is beginning to roll. Deliveries in May were 9,774—up 18% from April.

There's about a 90-day lead time between a chunk of steel and the finished car. So if the government cuts the third-quarter steel allocation, the drop-off will not come until fall.

If you want a quick check on how factory output is stacking up, the production of electricity is a pretty good rough index.

As civilian markets got bumpy, factory production was cut back; electricity output, which had been running 15% over a year ago, started to narrow to 12% and less.

But ever since the beginning of May, electric power has been widening the gap again, once more stands close to 15% ahead of year ago.

The third-quarter steel cutbacks are tougher than they look.

Consumer durables (except autos) are cut from 80% to 70% of their average use of steel during the first six months of 1950. But now defense production—heretofore excluded—must come out of the 70% ceiling.

Very few firms will be helped by using the alternative base of the second half of 1949, instead of first half of 1950. Manufacturing output during the first half of 1950 was 11% higher than the latter half of 1949.

In autos, the cutback—to 1.2-million cars in the third quarter—isn't so bad as it might have been. True, it's a sharp drop from the record-breaking rate of the second half of last year.

But a monthly rate of 400,000 cars is only 23% less than the average for the first half of 1950—and 1951.

The jump in the price of Canadian newsprint shows up one of the weaknesses in price control. How do you keep the price of imports down and at the same time keep the supplies rolling in?

OPS can keep the freeze on domestic newsprint. But imports account for over 80% of U. S. consumption.

Ceiling prices have already curtailed imports of much-needed metals.



Govan, Ferguson, Lindsay, Kaminker, Maw, Langley and Reenleyside, Architects

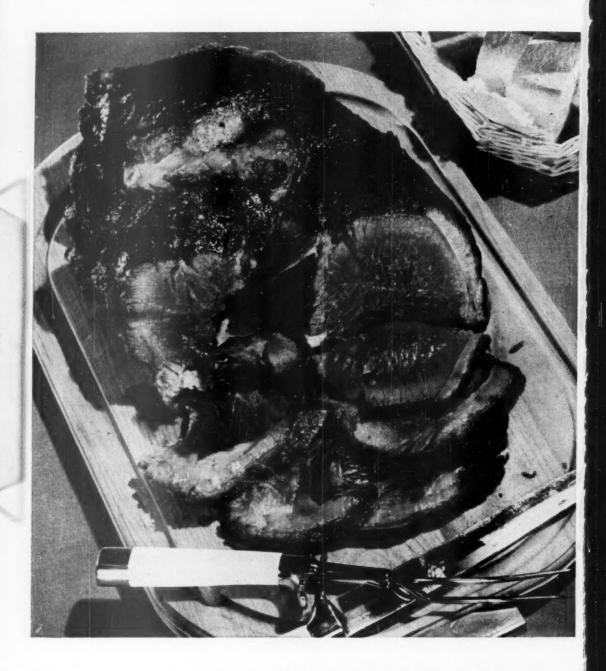
## THE HOSPITAL FOR SICK CHILDREN EQUIPPED FOR MODERN MIRACLES

Stone & Webster Engineering Corporation was retained as Project Manager during the planning stage of the Hospital for Sick Children in Toronto and later supervised and directed the construction. This hospital provides the most modern facilities for the care of sick children and for medical research and instruction.



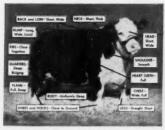
STONE & WEBSTER ENGINEERING CORPORATION

## If you feel like eating this page



Watch the railroads  $\underline{Go}$ ...on

## ...you'll want to read about the Union Pacific's "Roller Freight"



T YOU KNOW A GOOD steak when you eat it, but can you spot it on the hoof? Chart shows how to judge a Champion Hereford, famed white-faced breed that originated in England around 1750 and now accounts for most of our choice beef.



2 THERE ARE OVER 2,000,000 registered Herefords in the U. S. A., raised in grazing areas like these in 48 states. At livestock shows, Herefords have dominated the grand championship awards for years, have sold for as high as \$70,500.



3 TO RUSH HEREFORDS and other livestock to you in less time and better condition, the Union Pacific adopted "Roller Freight" – freight cars on Timken roller bearings. The Herefords above are being loaded at Salt Lake City for Los Angeles.



4 MULTIPLE-UNIT DIESELS gave the Union Pacific the power to speed up its stock trains. But it needed cars that could stand sustained high speeds over the 785-mile run. Cars that could be stopped and started smoothly, assuring the cattle's delivery in top condition. Today, with 800 cars on Timken roller bearings, the Union Pacific runs its Daylight Livestock Special with passenger train speed and smoothness. A stopover for feed and water has been eliminated. Running time has been cut in half:



5 JUST 27 HOURS AFTER LEAVING Salt Lake City, the Union Pacific's roller bearing "livestock-Pullman" arrives in Los Angeles — and right on time! Timken bearings eliminate hot box" delays, reduce man-hours for terminal inspection 90%.



6 'VIA "ROLLER FRIIGHT", livestock arrives in top condition. Timken bearings reduce starting resistance 88%, eliminating jars and jolts. Weight losses are reduced. "Roller Freight" has upped livestock freight business 30% on the Union Pacific.



7 A COMPLETE ASSEMBLY of cartridge journal box and Timken bearings for freight cars now costs 20% less than applications of 5 years ago. Other products of the Timken Company: alloy steels and tubing, removable rock bits.



NOT JUST A BALL ONOT JUST A ROLLER THE TIMKEN TAPERED ROLLER DEARING TAKES RADIAL AND THRUST DE LOADS OR ANY COMBINATION

TIMKEN Tapered Roller Bearings



## Tubing troubles got your goat?



Bundywold Tubing, doublewalled from a single strip. Exclusive, patented beveled edge affords smoother joint, absence of bead, less chance for any leakage. If you're butting up against costly rejects, time-taking inspections, poor performance in your tubing unit, you ought to get the facts on Bundyweld.

This multiple-wall type of Bundy® tubing is double-rolled from a single strip, unmatched by any other tubing.

It's amazingly rugged, easy to form and

fabricate. It conducts heat faster, and withstands gruelling vibration in lines and coils that have to take a shaking.

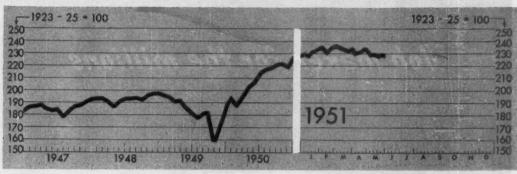
Right now, defense and essential production rate top call on Bundyweld, though we're doing everything possible to service all Bundy customers. Why not inquire regarding your needs?

## **Bundy Tubing Company**

DETROIT 14. MICHIGAN

World's largest producer of small-diameter tubing
AFFILIATED PLANTS IN ENGLAND, FRANCE AND GERMANY

## FIGURES OF THE WEEK



	Week	Week	Month	Year Age	1946 Average
Business Week Index (above)	*229.6	†230.2	230.2	210.2	173.1
PRODUCTION					
Steel ingot production (thousands of tons)	2,063	2,053	2,073	1,931	1,281
Production of automobiles and trucks	123,481	1158,259	154,523	146,825	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$43,421	\$43,366	\$44,618	\$40,424	\$17,083
Electric power output (millions of kilowatt-hours)	6,445	6,653	6,560	5,632	4,238
Crude oil and condensate production (daily av., thousands of bbls.)	6,169	6,163	6,174	5,205	4,751
Bituminous coal production (daily average, thousands of tons)	1,626	1,609	1,743	1,705	1,745
TRADE					
Miscellaneous and l.c.l. carloadings (daily av., thousands of cars)	79	79	80	76	82
All other carloadings (daily av., thousands of cars)	57	56	58	54	53
Department store sales (change from same week of preceding year)	+3%	+4%	+3%	+2%	+30%
Business failures (Dun and Bradstreet, number)	132	191	163	168	217
PRICES					
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	492.1	1492.7	512.6	397.8	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	343.4	1347.5	358.0	239.9	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	381.7	1384.9	403.5	330.1	274.7
Finished steel composite (Iron Age, lb.)	4.131¢	4.131¢	4.131¢	3.837¢	2.686€
Scrap steel composite (Iron Age, ton)	\$43.00	\$43.00	\$43.00	\$40.92	\$20.27
Copper (electrolytic, Connecticut Valley: lb.)	24.500¢	24.500¢	24.500∉	21.600¢	14.045¢
Wheat (No. 2, hard and dark hard winter: Kansas City, bu.)	\$2.36	\$2.34	\$2.43	\$2.25	\$1.97
Cotton, daily price (middling, ten designated markets, lb.)	45.19¢	145.21¢	45.25¢	33.78¢	. 30.56¢
Wool tops (Boston, lb.)	#	#	#	\$2.28	\$1.51
FINANCE					
90 stocks, price index (Standard & Poor's)	170.0	+167.9	180.2	149.2	-135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.43%	3.42%	3.39%	3.26%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	21-21%	21-21%	2-21%	11-11%	1-1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	50,034	49,865	50,163	47,533	++45,210
Total loans and investments, reporting member banks	69,369	69,493	70,108	67,103	++71,147
Commercial and agricultural loans, reporting member banks	19,048	19,129	19,186	13,359	++9,221
U. S. gov't guaranteed obligations held, reporting member banks	30,443	30,382	30,836	36,456	1149,200
Total federal reserve credit outstanding	23,377	23,411	23,724	17,935	23,883
MONTHLY FIGURES OF THE WEEK		Latest Month	Preceding Month	Year Ago	1946 Average
Consumer credit outstanding (in millions)		\$19,121	\$19,378	\$16,639	\$6,802
Installment credit outstanding (in millions)		\$12,906	\$12,975	\$11,322	\$3,025
Employment (in millions)		61.2	60.0	59.7	55.2
Unemployment (in millions)		1.6	1.7	3.1	2.3
Wholesalers' inventories (seasonally adjusted, in millions)		\$11,651	\$11,384	\$9,384	\$5,471
Retailers' inventories (seasonally adjusted, in millions)		\$18,920	\$18,400	\$14,138	\$9,400
See page 79.  *Preliminary, week ended June 2.  *PRESIMATE (BW-Jul.12'47,p16),  *PRESIMATE (BW-Jul.12'47,p16),		#No	trading at Ol		rice-\$3.35.



IT'S COAL...black nuggets of light, heat and power...raw material for more than 200,000 different products...job maker for workers throughout industry. And it's pouring out of our mines at a rate close to 30,000 carloads every working day. This immense production is made possible by modern mechanization, which includes thousands of mine locomotives and shuttle cars powered by Exide Batteries.

Where dependability is vital, you'll

find Exide Batteries. They supply motive power not only for mine haulage units, but also for timesaving, cost-cutting battery electric industrial trucks.



"Exide" Reg. Trade-mark U. S. Pat. Of.

Exide Batteries provide power for railway car lighting, air-conditioning, diesel locomotive cranking, signal systems. Vast numbers are used by telephone, telegraph, radio, television, light and power companies. They perform many vital services in airplanes and ocean vessels... provide battery power for fire alarm circuits and emergency lighting systems. And on millions of cars, trucks, tractors and buses they prove daily that "When it's an Exide, you start."

1888...DEPENDABLE BATTERIES FOR 63 YEARS ... 1951

THE ELECTRIC STORAGE BATTERY COMPANY, Philadelphia 2 . Exide Batteries of Canada, Limited, Toronto

## WASHINGTON OUTLOOK

WASHINGTON BUREAU JUNE 9, 1951



Congress is piddling along, not accomplishing much of anything. Meantime, bills that will shape business decisions pile up.

It's a stall of sorts. Congress is uncertain of Truman's judgment of the war danger. It knows that mounting spending, taxes, and controls mean more of an economic straitjacket. So, it is becoming cautious, waiting in the hope that events will clarify defense needs.

The lack of leadership is serious. Truman's Democratic following is too weak to control Congress. And the Republicans are so split up that they can't fill the gap with a program of their own.

The result is a legislative log jam, worse than any in recent years. It's June, and not a single appropriation has been voted for fiscal 1952, which begins July 1. The tax increase, proposed in January, hasn't yet reached the House. And there's no decision on what to do about controls over wages, prices, rent and credit, which expire at the end of the month.

A new emergency would bring a legislative rush. But unless things get worse abroad, it will be months before Congress clears its decks. Meanwhile, it will resort to stopgap bills to keep the government going. This will add to business uncertainty in the months ahead.

The outlook for metals in the last half of the year is confused.

Quick action on the military budget, \$60-billion-plus, would bring a rush of arms orders this summer and new claims on metals this fall.

But it looks like the new money will come late, in August or September, and this will postpone the time of the next big arms bite on materials.

It's not the difference between shortages and no shortages. You can count on more difficulty getting steel, copper, and aluminum this summer and fall, unless you have CMP allocations. But shortages will be less acute for a while if Congress dawdles with the arms budget.

Controls won't be allowed to lapse June 30. The plan in Congress is to extend the present law temporarily, probably until fall. The idea is to allow more time to appraise the inflation trend before voting on the new controls Truman has asked. This means it will be months before you get a final decision on where price, wage, and credit controls will settle down.

No tax increase on 1951 individual incomes is a pretty good bet now. It's no certainty, of course. But unless Congress enacts the increase in time for the higher withholding to start Oct. 1, the rise may be put off until Jan. 1. There's mounting sentiment for such a delay.

But 1951 corporation income will be hit. The prospect now is that corporations will have to begin paying higher rates on earnings for the last half of this year.

The "fair trade" price wars are attracting considerable attention in Washington. But so far, there's no indication that Congress will act to plug the hole knocked in the state statutes by the Supreme Court. The Washington attitude is that the price cutting will prove to be temporary, sparked by retailers who are a little worried by heavy inventories.

## WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU JUNE 9, 1951

Licensing of business as a device to help enforce price control hasn't a chance. Congress sympathizes with businessmen willing to comply with price orders, but who are baffled by their complexity. It won't permit DiSalle to say who can or can't stay in business.

More armament contracts for small business is the aim of a new bill backed by Sen. Sparkman and cosponsored by a majority of the Senate.

The scheme is this: Create a "Small Defense Plants Corp." to certify small manufacturers as qualified for prime government contracts. The agency could even take contracts itself and parcel out business to subcontractors.

The bill has a good chance. Politically, it has very strong appeal. And it will be offered as a rider to the price-wage control extender.

The Defense Production Administration may go. Wilson isn't happy with the way it has worked out as a buffer between his ODM and agencies handling material controls. He has transferred all CMP authority to NPA and may give authority to pass on expansion loans and fast amortization to Symington's RFC. The decision will be made next week on whether to keep DPA in reduced form or merge it with NPA under Manly Fleischmann.

Watch for metal allocations to fan out. CMP, on an open-end basis, may not last beyond the third quarter. The idea that NPA can channel steel, aluminum, and copper to defense and supporting lines, leaving the rest of industry to get materials out of a "free pool," is losing its supporters.

Civilian hard goods makers had better watch out. Unless they are prepared to get under the CMP tent starting in October, they may find metal pickings mighty thin.

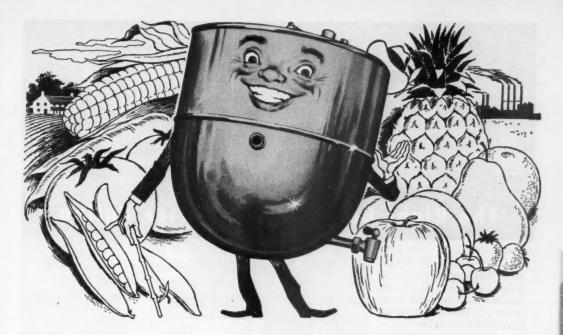
You can expect to pay higher wages. The 10%-since-January, 1950formula is about to be scrapped. Economic Stabilizer Johnston has told his wage board to stop making individual exceptions to this rule and set a new pattern.

A longer work week without premium overtime pay isn't in prospect. Wilson's office will go on record as opposed to suspension of the 40-hour week. A "policy statement" is expected about midmonth.

A new labor paper, a daily, is under consideration by the unions, as represented by the United Labor Policy Committee. Aim of the backers is to give labor the "interpretative coverage" that management gets. It's still in the dream stage, but worth attention.

Only uncertainty about Acheson's resignation is the time. He can stay on for a few months. Democrats are hammering the White House with the complaint that the party can't have him on its back in 1952. Truman doesn't want to give in, but eventually he will let Acheson go.

An East-West agreement seems more and more remote. Hope is small that Russia will come in on a Big-Four conference aimed at a settlement. So, even if some sort of an early deal could be worked out with Red China on Korea, the global race to rearm will continue.



# You'll agree with the Food Business that Stainless Steel is good Business

FOOD processing and packing is an art and science in which the United States leads the rest of the world by the proverbial country mile. It means something, therefore, that U. S. canners, packers and bottlers predominantly use equipment made of stainless steel.

It means that, as good businessmen, they've found that stainless steel best protects flavor and purity, makes cleaning easier and less costly, and gives longer service life with less maintenance. Stainless does these things best because no other commercially available metal is as strong and as resistant to corrosion, heat and wear, taking all these virtues together.

Consequently, in a national emergency, the timetested stainless steel—Allegheny Metal—is more than ever "good business" for many highly essential applications. Less essential uses have to give way to jet engines, aircraft and marine equipment, transportation, food, dairy, chemical plant and refinery uses, etc. But we're continuing to spend many millions of dollars to expand our already multiplied production, and we offer every assistance to fabricators to make the supply of stainless steel go as far as possible.

Complete technical and fabricating data—engineering help, too—are yours for the asking from Allegheny Ludlum, the nation's leading producer of stainless steel in all forms. Branch Offices are located in principal cities, coast to coast, and Warehouse Stocks of Allegheny Stainless Steel are carried by all Joseph T. Ryerson & Son, Inc. plants. • For any assistance, write or call Allegheny Ludlum Steel Corporation, Oliver Building, Pittsburgh 22, Pa.

You can make it BETTER with Allegheny Metal



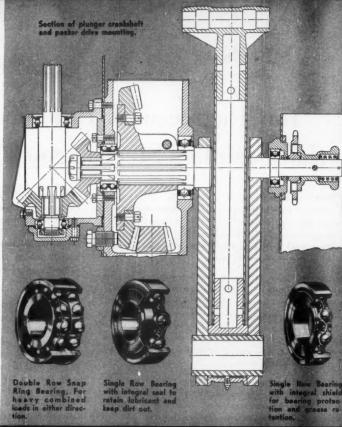


• In the McCormick No. 45 Automatic Pickup Baler, producing up to 5 tons of perfectly baled hay per hour, New Departure ball bearings in the main drive hold shafts and gears always in accurate relationship under rapidly fluctuating loads of crankshaft and plunger operating at 65 strokes per minute.

Ball bearings help to streamline and greatly simplify details of design. No provisions are needed for bearing adjustments and, by the use of bearings with integral seals or shields and snap rings for axial location, parts are kept plain and strong - fewer members are required.

Because of their ability to take thrust loads from either direction in a single, unit bearing in addition to radial loads, endwise location of each shaft is by one bearing only. Remaining bearings are free of any possible cramping action due to expansion changes under load.

The No. 45 Baler employs eleven New Departure ball bearings in various positions for smooth operation and long machine life.



Nothing Rolls Like a Ball
NEW DEPARTURE BALL BEARINGS

## Switch to War Work Gathers Speed

- One year after Korea, industry is well along with conversion to military or military-supporting programs.
- Most of the key defense plants now have enough orders to get production under way.
- Troubles on the production line aren't the big problem in conversion this time. Manpower and materials are the main obstacles.
- Business expansion plans add to the strain now. But by 1953 we will have the capacity to take care of the military and civilians both.

One year after Korea, the U.S. finds itself well along the road to the garrison state. Military buying now is the biggest single force in the economy.

Between June, 1950, and this June, deliveries of military goods have doubled (cover). In the coming year, they are due to double again. Toward the end of 1952, or possibly the first quarter of 1953, they will reach the maximum demanded by present mobilization plans. By then the U.S. will be channeling 20% of its national output into defense and defense-supporting production.

• Effects Show Up—But even at the present level of spending—about \$26-billion a year—practically every business in the country is feeling the impact of military buying, directly or indirectly.

This week a Business week survey of key defense plants all over the country showed that almost all of them are out of the first stage of conversion—the paper shuffling and planning stage. Most of them report that anywhere from 10% to 100% of their output is earmarked for the military or for military-supporting programs.

tary-supporting programs.

• A West Coast manufacturer of electronics equipment says that somewhere between 60% and 80% of his output is going to the military. Most of it is end product, rather than parts.

• A producer of pharmaceuticals reports that 10% to 15% of his output is earmarked for defense. Within six months he figures it will be 20%, and a year from now 30%.

• A big manufacturer of earthmoving equipment says the Army is taking 60% of his production.

 Textile companies generally report that military contracts soak up about 10% of their output.

 Aircraft manufacturers are working almost exclusively on government orders now.

#### I. The Shift Begins

Official estimates from Washington tell the same story in broader terms. Government experts estimate that about 50% of steel output is now going to defense programs. About 12% is earmarked for strictly military items. The rest goes into such programs as atomic energy, electric power, railroads, shipping, mining machinery, agricultural equipment.

• Other Metals—An even larger percentage of the copper industry is tied up on defense work. Something like 65% of all our copper is going into military or essential civilian programs. And the demands on particular branches of the industry are still higher. It takes 90% of copper rod and bar production to cover rated orders; 80% of wire mill products; 75% of copper base alloys; 60% of plates, sheets, and strip.

Nickel is going 80% into defense uses. Lead and zinc are getting off much more lightly. So far, the National Production Authority has ordered set-asides of only 25% for defense demands.

• Manufacturing—NPA figures today that the aircraft industry is about 95% directly engaged in defense production. Makers of internal combustion engines (excluding aircraft) are turning out about 35% of their production on

rated orders. Makers of tubes for boilers are putting in about a third of their time on defense programs.

• Painless Process—Much of industry's conversion to a military footing has come almost painlessly. The manufacturer has kept on cranking out his regular products with the government as his customer, instead of a private buyer. This kind of conversion calls for little or no retooling and no rearrangement of the plant. A lot of electronic work falls into this category.

A company in Chicago that has been making heaters for automobiles is now making exactly the same thing for aircraft and military vehicles. In the textile industry, about all you have to do to convert is put olive-drab dye in the vats.

In short, a large part of the defense program calls for no change in industry's product mix. And this fact helps explain why there has been little conversion unemployment so far. Plants have simply switched workers from the slow departments to the lines that were running on government orders.

#### II. Men and Materials

Even though military orders are fitting fairly smoothly into the economy, they are putting a strain on manpower and materials supplies. The big complaint of defense contractors all over the country is: We can't get an even flow of materials, and we can't get the workers we need to process the materials we do have. This—rather than bugs along the production line is the main thing that keeps military output from expanding faster.

• Zero Zero—On materials, one St. Louis manufacturer says, "Suppliers just laugh when you tell them about DO priorities. So in order to meet our schedules, we had to buy our materials on the black market. The regular channels were zero zero."

And on manpower, a West Coast producer voices the old complaint: "You can get people all right, but not workers. They haven't any skills; they haven't any interest. They just stand there."

Most contractors think that the materials problem will smooth out gradually as the government gets its new Controlled Materials Plan running; but they don't know what's ahead in manpower.

• New Recruits Needed—Neither do the Washington experts. But they can estimate the size of the problem. By the end of the year, we will need some 8-million civilians in defense work. To achieve that, some 3-million workers will have to shift out of nonessential lines into the essential industries. And an additional 2-million will have to come into the labor force from outside.

• Expansion Strain—One thing that complicates both the materials and manpower problem is industry's tremendous expansion program. Altogether, business wants to spend something like \$23-billion on new plants and equipment this year. And this extra demand is concentrated on the hard goods producers who already are carrying the heaviest part of the defense load.

In the long run, capital spending may be the thing that solves the problem of shortages. By 1953 military production will be over its peak; deliveries will begin to taper off a little-unless we have to pile a new mobilization program on top of the present one. And just about that time, the new production capacity will start coming in.

At that point, the U.S. will have finished its transition from a booming but defenseless peacetime economy to a garrison state big enough to support a major military program and a high level of civilian production, too.

#### III. Capacity Problem

Some manufacturers are beginning to get uneasy second thoughts about the expansion they have planned. They have been thinking in terms of the kind of mobilization we had in World War II, and they are disappointed when they see the size of their government orders.

A West Coast electronic producer is a case in point. Right after Korea, he spit on his hands and got ready for the same flood of orders that hit him in World War II. It hasn't come yet and probably won't unless the military plans take another big jump.

As this manufacturer sums it up: "We took them at their word and got all puckered up for a big kiss. We're still waiting for the kiss."

• Two Troubles—Part of the trouble in this case has been the government's slowness in turning plans into firm contracts. But part of it is an unavoidable result of the kind of mobilization we are having—limited mobilization. Washington's idea is to leave some reserve capacity in every industry—so that we can step up production fast if an all-out war breaks loose. As long as mobilization stays on a limited basis, military orders in most industries will fall a long way short of full capacity.

#### Timken Loses

Supreme Court rules that bearing company conspired with partly owned overseas affiliates in restraint of trade.

If you've set up separate companies to handle your business in foreign countries and they are not wholly owned, beware of technical violation of the Sherman Antitrust Act.

Timken Roller Bearing Co., leading manufacturer of tapered roller bearings, got the latest word on this subject just this week from the U.S. Supreme Court

• Restrained Trade—The high court ruled that Timken had indeed fixed prices, split up markets, and otherwise restrained trade through illegal arrangements with French and British Timken, as charged by the Dept. of Justice (BW-Apr.28'51,p25).

• Corporate Structure—At the time Justice Dept. started its suit, Timken owned 30% of British Timken, Ltd., and half of Societe Anonyme Francaise Timken, the French affiliate. Michael Dewar, a British businessman, owned the other half of French Timken and 23% of British Timken. The balance of the stock was held publicly.

Under an operating agreement made by Timken and Dewar in 1927, British Timken got to sell its tapered roller bearings in the British Empire and everywhere in Europe except in France, which was reserved for French Timken. U.S. Timken handled sales over the rest of the world. Each company could sell bearings anywhere to take care of the replacement business on equipment that was manufactured in its own area of operation.

• "Joint Venture"—Timken told the Supreme Court that "... whatever restraints were contained in the agreements between the parties were reasonably ancillary to a valid main purpose, namely, the creation and conduct of the joint venture, and they are not, therefore, unreasonable."

Timken had acted all along as though the companies were legally what they were in fact—part of a "joint venture" amounting to subsidiaries or parts of the same company. Had the companies in Britain and France been legal subsidiaries of the American company, antitrusters admit there would have been no case.

No Sale—The Supreme Court majority (five justices) upheld that part of the lower court decree that enjoined Timken from further restraints on trade. But it did not go along with the lower court's decree that ordered Timken to sell all its holdings and other interests

in both the British and French firms.

• Alternatives—Clearly, the Supreme Court left two alternatives to companies that find themselves in this fix: (1) Compete with your affiliates abroad, or (2) make them legal subsidiaries.

Actually, this is the same rule that the Dept. of Justice has been applying in strictly domestic antitrust situations. However, Federal Trade Commission has the power to enjoin any mergers where it finds an adverse effect on competition. Thus the government could move to stop American Timken from taking over the British and French affiliates.

#### Low-Sodium Meat For Saltless Diets

For the high proportion of businessmen suffering from high blood pressure, Armour Research Laboratories has some good news. The Armour & Co. subsidiary has developed salt-free meat. Since the sodium content in salt is suspected of being a factor in heart trouble, high blood pressure, and various kinds of skin and kidney diseases, doctors often prescribe a low-sodium diet for sufferers. This has resulted in the development of salt-free breads, milk, soups, canned fish, but not meat—until now.

• Beef and Gravy—Within two months, Armour expects to be in production with canned beef stew, beef hash, beef and gravy, chili con carne, meat loaf, and meat sauce—all with greatly reduced sodium content. The new products will contain only 30 to 50 milligrams of sodium per 100 grams, compared to the normal 440 to 810 milligrams per 100 grams of meat—fresh or canned.

Armour will put up the salt-free meat in 5½-oz. cans—enough for a single serving. The label on each can will state the sodium content; this will aid physicians and dieticians in calculating the total amount of sodium that a patient consumes. Price will range from about 28¢ to 49¢ a can—only a few cents more per can than standard canned meat items.

• Originators—Armour got the idea for saltless meats about a year ago from two New York advertising men, Peter Hilton and Richard E. Somers. They have since formed Hilsom Corp. in New York to distribute the product. The aim is national distribution. It's expected that large food chains will be the biggest buyers—rather than just quality markets.

Taste of the saltless meats is not noticeably different from the taste of conventional canned meats, according to Somers. Spices have been added to offset the lack of salt.



PHOTOGRAPHERS had field day with department store price war. So did . . .



CUSTOMERS, eager and embattled.

## Price War in New York-and Points West

End of fair trade brings slashing of prices in big stores. Crowds go wild, and supplies run out fast.

A woman rushed into Bloomingdale's in New York City last week, breathlessly asked a salesclerk, "Where's the price war? I want to get into it."

This was typical of the buying mania that seized New York two weeks after the Supreme Court jerked the floor from under fair trade (BW-May26'51, p25). Macy's touched off the war when it cut 6% off the prices of 6,000 items. People stood in lines by the thousands, got pushed through plate glass windows, all in an effort to buy Sunbeam Mixmasters at \$26.59 or Toastmasters at \$14.72.

• Unwilling?—Whether or not merchants wanted to get into the price war was a question. Most of them, across the country, probably didn't. They echoed Gimbels' famous last words, before Macy's opening gun, that they wouldn't cut prices—but wouldn't be undersold if anyone did cut.

Nevertheless, a lot of stores are getting into the scrap willy-nilly. In New York the war has already involved Macy's, Gimbels, Bloomingdale's, Abraham & Straus, and others. By midweek it had spread to San Francisco, Baltimore, Memphis, Newark, Harrisburg, and other cities. Undoubtedly, it is on its way elsewhere.

Given the right prices, it is obvious that people have the money to buy. In New York City department store sales last week shot up 25% over the year before. This bait is too much for some merchants. Inventories are so heavy that a large number of stores have been trying to unload their stocks for weeks Price cutting is the best gimmick for filling stores with eager buyers that has

come along since the scare over shortages just after Korea.

• Withholding—Manufacturers whose goods are being cut can't do much to stop the price wars now that fair trade is dead. Only a few manufacturers—Goodall-Sanford, Eversharp, Haspel Bros.—have announced that they will withhold goods from Macy's. (Withholding isn't apt to be effective either, since stores can get distress goods from other merchants.)

In New York City the price war has taken on a special aspect. It looks as though it's a case of Macy's vs. the other big stores that sell on price. The others are frankly out to break what some of them call the "myth" that Macy's will sell for 6% less than anyone else.

This may help to explain the peculiar intensity of "the massacre of 34th Street," as one observer calls it. Stores cut at the drop of a price. By midweek the battle was spreading into new areas—from small appliances, books, drugs, and pens into watches, sporting goods, pipes, jewelry. Combatting stores had already run out of many items. Buyers were searching as far as Texas to pick up new supplies.

• Promotional—A salient fact about the price cutting in New York is that almost all of it has been on fair-traded items. In other words, price cutting in New York has been largely a promotional deal. When people have been pulled into the stores on the strength of bargains, they have bought a lot of other things, too. Dollar volume in the combatting stores has shot up fantastically.

Here's the news elsewhere:

San Francisco. Weinstein's department store broke the line here on fair-trade items. Owl-Rexall and Walgreen drug chains have announced they will meet the cuts.

Baltimore. Gutman's department store slashed fair-trade prices. But in the early stage, observers reported that only a few stores had followed Gutman's lead.

Memphis. Perl & Lowenstein fired the opening shot with cuts on small appliances. Other stores promised to meet the cuts.

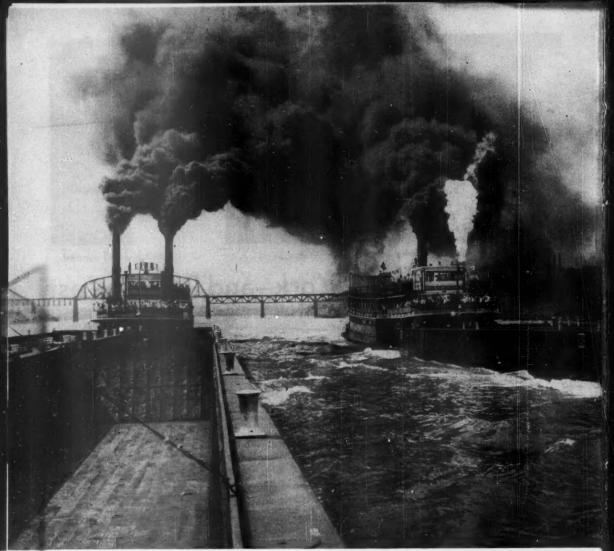
Oklahoma City. Price cuts on drugs, appliances, cosmetics. Drug chains are in it; so are the local stores of the mail order houses.

There are similar reports from Detroit, Omaha, Akron, and Cincinnati. But at midweek, a number of cities—Chicago, Philadelphia, Kansas City, Cleveland among them—reported that things were still quiet along the retail front.

 What Next?—How far will the price war spread? It's hard to tell at this point.

Scars, Roebuck, long a foe of fair trade, takes the view that the price wars will blow over quickly. It feels that if we were in a period of liquidation—with sales, incomes, and economic activity on the downgrade—price cutting might be able to cut a wide swathe. But under today's conditions, inventory is not a very important problem to the big stores.

A government economist agrees that current price cutting is "only a device to get swollen inventories down to normal." Namm's in Brooklyn says: "As soon as the competition is sold out, we raise our prices. . . This thing will simmer down to 300 or 400 items to be used as loss leaders."



THEY'RE OFF, U. S Steel's steamboat "Homestead" (left) and J&L's "Jones" were lashed together for an even start. Workmen have

## Pittsburgh Promotes Pittsburgh With a

The river was crowded with boats, which were crowded with people. Every spot on or overlooking the river bank that could accommodate spectators was jammed.

It was Welcome Week in Pittsburgh, and the crowds had turned out to see the third annual race between stern-wheelers owned by U.S. Steel Co. and Jones & Laughlin Steel Corp.

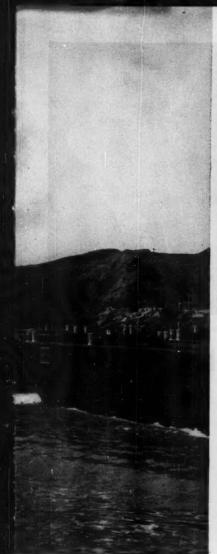
Welcome Week was conceived three

Welcome Week was conceived three years ago to celebrate the 75th anniversary of the Pittsburgh Chamber of Commerce. The city seized upon it as a natural to attract attention to its

huge redevelopment program and decided to make it an annual hoopla. The chamber operates the show on a very small budget. Local industries absorb most of the cost.

Big feature is always the steamboat race. Excitement and betting reached top pitch last week, as U.S. Steel's "Homestead" and J&L's "Wm. Larimer Jones" started down the Monongahela River on the 3.1-mile course ending at Smithfield St. bridge. But the crowd seemed likely to burst its buttons as the two sternwheelers raced down the stream at a dead heat of 12

mph.—only to finish up in a tie. From the sports angle, it couldn't have been better. In the first race, in 1949, the Homestead was winning steadily over the Jones. Then the automatic stoker on the Homestead broke, and the race was finished by handfiring. It was very close, but the Homestead won by a few feet. Last year the Homestead won hands down. This year J&L entered the race reluctantly, and few people expected much of a race. In fact, they thought the results might spell curtains to the race in future Welcome Weeks.



just chopped the lead barges apart.

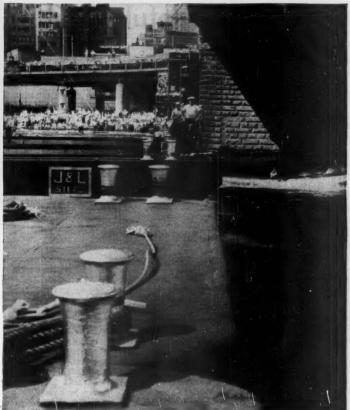
## Steamer Race

But this time, the Jones surprised them-actually led for a portion of the race by about a quarter of a length. The finish was close, and for a day or two considerable argument raged as to whether the Jones hadn't actually slipped across first. Judging was com-plicated by the fact that the Smithfield St. bridge doesn't cross the river at a right angle.

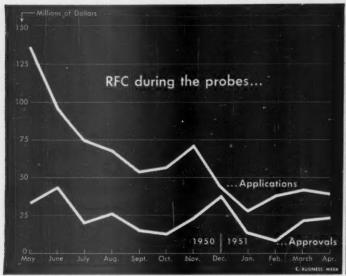
At any rate, U.S. Steel holds the \$25,000 John M. Roberts cup-a silver facsimile of a sternwheeler-for six months; then J&L takes it for six months.



For a while it looked like a sure win to the passengers ON THE STRETCH. on the Jones, as their favorite nosed ahead.



The Jones' "victory" was short-lived. The Homestead regained its THE FINISH. lost quarter-length, and the race ended in a draw.





NOSE DIVE in RFC loan business followed scandals. Now W. Stuart Symington, as sole boss, is installing new policies and aims.

## Clean and Useful: Goal of New RFC

Loan approvals pick up under Symington, despite rigid tests that they must serve the public interest.

W. Stuart Symington has taken the Reconstruction Finance Corp, firmly by the hand to lead it away from the primrose path. For Truman's main troubleshooter, it's a two-way reform iob:

• He has to fumigate completely the type of operations that were revealed by the Fulbright subcommittee. There must be no more cases like Texmass in 1950 or the old Baltimore & Ohio affair that hit the news again this week.

• He has to make the big federal agency a useful lending organization once more. Right now, potential worthy borrowers have been scared off by the stench of the Fulbright revelations. They want no part of any future investigations, and their leeriness has shown up in the drop in the agency's loan applications (chart).

Making loans in the public interest is Symington's idea of being useful. Today that means either financing defense and defense-supporting industry or aiding small business.

• Sole Boss—Symington has swung into brisk action in the little more than a month since he became sole boss of RFC, replacing a five-man directorate (BW-Apr.28'51,p26). Two new policies have been announced since he took over:

· A new set of business loan stand-

ards have been set up, designed to make RFC's actions proof against the closest scrutiny.

 A program is in effect to publish agency operations so that the taxpayers can know precisely what is going on.

Under the new policies, businessmen generally are going to find RFC loans barder to get. But some classes of borrowers will actually get a better break.

Last week Symington publicly took stock of the first 16 days of his regime. Loans totaling more than \$8.6-million have been made to 119 rigidly screened borrowers. All crucial facts have been spread on the record-names, figures, uses of the money.

• Personnel—Policies have been rattled more than personnel in the Symington shakeup. By and large, the new director has found the men he inherited to be honest and competent. Only a few executives have been suspended or removed.

But Symington thinks that RFC's loan experts have been thinking too much like commercial bankers—that they put too much emphasis on the quality of collateral, too little on the purpose of the loan.

To get the agency back on what he thinks is the real beam, Symington drew up a set of requirements in May for testing new loans.

Incidentally, that's the first time

RFC's 32 local agencies have ever been given a consistent policy. Here are the new tests:

• The loan should assist military or essential civilian production.

The loan should be noninflationary, aimed at producing goods rather than refinancing, speculation, or changing ownership.

• The loan should not create or further monopoly. (More than 92% of the Joans announced last week were for less than \$100,000.)

Here's how the new principles have been applied under Symington. West Virginia Steel & Mfg. Co. got the biggest loan: \$3\frac{3}{2}\text{-million} at 5\% for 10 years. The money will expand the company's rerolling steel mill. Barnes Worsteds, Inc., got \$175,000 for working capital and equipment needed to fill government contracts. Gordon M. McBride got \$4,800 for a mechanical ditchdigger to do contract work for farmers.

These are the sort of loans that were accepted. Many others were rejected. Like the laundry operator, with a good credit record, who wanted to buy out a competitor. Or the manufacturer who wanted to build up Christmas inventory. Or the motel operator who wanted to build a deluxe tourist court in a scarce housing area.

 Caution—Symington says RFC will make all the loans it legally and properly can. But it's bound to err on the side of caution, with Senate eyes peering beadily over its shoulder.

## **OPS Plans Profits Squeeze**

Policy will be to force manufacturers to absorb cost increases from now on. Most companies haven't felt the bite yet, but they will as time goes on. Some minor relief is in sight.

Government price controllers are embarking on a deliberate policy of forcing industry to absorb a large part of the post-Korea cost increases. Industry isn't really feeling it yet. But it will feel the effects of this absorption before the end of the year.

of the year.

Eric Johnston, Michael DiSalle, and their staffs know full well that cost absorption—with its squeeze on profits—could discourage production. But the controllers hope to stop just short of the point where the absorption policy

would make a real difference in indus-

trial output.

• July 2—They have already taken the first step in Ceiling Price Regulation 22, the General Manufacturers Order. Its rollbacks go into effect July 2. Once the new prices take hold, the Office of Price Stabilization is ready to let an industry's profits fall 15% below the postwar average before easing up. An individual company—as distinct from an industry—won't be able to raise prices unless it can show that it is really operating in the red.

Despite outward signs, though, OPS is not operating on profits with a meat ax. The approach is with a paring knife. As a matter of fact, DiSalle already is planning to issue an order that will grant some relief in the much-debated hardship cases resulting from premium pay costs and additional subcontracting

expense.

• Aim of Congress—Government controllers don't think their profit squeeze is arbitrary; they are convinced that cost absorption is essential to stability. Further, they point to the Defense Production Act, where Congress directed that prices be held at a "generally fair and equitable" level. And controllers add that Congress has already defined "normal" profits in the Excess Profits Act.

So, says OPS, it is merely trying to be fair, to gear prices to a reasonable (normal) profit standard. In effect, it's the same approach used by the Office of Price Administration during and after World War II. But it is openly acknowl-

edged this time.

The effects of all this will really begin to show this fall—mainly because of the creeping, but steady, climb in wage costs. On most goods, the ceiling prices will be pre-Korea prices adjusted for direct cost increases up to Mar. 15, but not after. Johnston's wage lid has already been breached. Now he's talking of tying wages to the cost of living,

which could mean a rise of 10% a year. Even without the c-of-l tie-in, profits

are bound to be squeezed.

• Hardship—Some producers of defense goods are already feeling the pinch. The Munitions Board and the National Production Authority have asked heavy equipment makers to put on extra shifts and increase subcontracting. But extra premium pay and subcontracting costs, above those in the base period, can't be figured in present price calculations under OPS' machinery order (CPR-30). The producer would have to soak up the difference.

DiSalle is ready/ to give some ground on this point. But he doesn't think the problem is so important as the manufacturers claim. He points out the trouble stems from big volume; but volume, in turn, frequently means that selling and administrative costs per unit go down. Chances are that when he eases the rule on premium pay and subcontracting costs he will permit the manufacturers to pass on only part, not all, of the cost increase.

• Steel Test-The first test of the ceiling limiting industry profits to 85% of

the average of the three best years in 1946-1949 is likely to come in steel. Unions are now preparing new wage demands; company acceptance might be made conditional on a boost of the ceilings, although it is believed that current profits are probably above the 85% level.

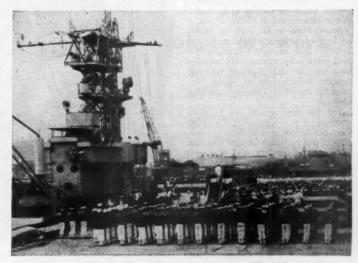
If that happened, OPS would have to choose between junking cost absorption and having production interrupted. There are indications that OPS policy is going to be tough. Indeed, DiSalle is quite ready to force further cost absorption this fall by ordering more rollbacks, regardless of what happens to

costs.

• Lower Percentage—The stabilizers might go even further to hold the line on prices. They might change the profits standard to conform with the recent House Ways & Means action on the excess profits tax. That would drop the percentage of average base years from 85% to only 75%. Stabilizers would reject requests for relief in any case where a company's profits exceeded the lower figure.

No one at OPS or the Office of Economic Stabilization is making any predictions about this. However, government thinking is being guided in part by economic studies showing that cost absorption, while cutting profits noticeably, would still leave them sufficiently high to maintain the 1947-1948 level of dividends and expansion

rates.



#### Arming Europe: French Take Over a U.S. Carrier

France's newest warship was commissioned last week in the Philadelphia Navy yard. The former jeep carrier Langley, rechristened Lafayette, was turned over by the U.S. Navy to the French. France's navy, largely destroyed in World War II, is gradually staging a comeback, with British and American assistance.

## Meat Shutdown

Growers slash marketings by 30% to counter DiSalle's first rollback. All controls are imperiled if strike succeeds.

The showdown came this week between Price Stabilizer Michael DiSalle and the meat industry.

Early in the week the first of DiSalle's livestock rollbacks went into effect. The meat growers fired right back, with a 30% cut in cattle marketings. Their ultimate objective, of course, is the end of all controls on meat.

• Other Controls—But more than meat is at stake. Psychologically, meat is the most important item in the worker's budget. It was the growers' meat strike that wrecked OPA controls after World War II. Unless the Office of Price Stabilization can hold the line on meat, it doesn't have much hope of making either wage or price stabilization stick.

It's still too early in the campaign to see the outcome. In the first few days, the growers clearly had the edge. By scanty shipments, they kept above levels the packers could legally pay. That caused slaughtering to be cut back from 10% to 50%.

What growers are counting on is that the consumer will win their fight for them. They envision furious howls from a beef-hungry public—howls that will be heard on Capitol Hill, at the White House, and at OPS.

• Stands Firm—So far, OPS has shown no sign of yielding. DiSalle said on Tuesday that he didn't consider the production cuts serious. The ceilings were new, he said: it would take the industry a little time to adjust. Apparently, President Truman is backing him up.

But the meat experts on DiSalle's staff aren't so unperturbed. In their view, the decline in marketings is a fullfledged strike. It can be very effective.

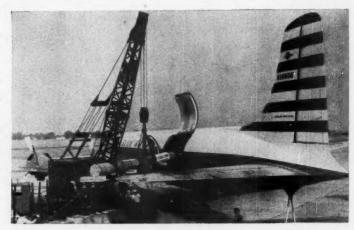
• Plenty on Lots—It is true, of course, that the feed lots now hold thousands of fat cattle, brought to weight with expensive grain. Farmers have to market these soon or take a loss, by superfluous feeding. But many light animals can be put on grass indefinitely—or until OPS yields. Their absence would keep prices above the legal ceilings.

Even more worrisome to OPS are the rumors of widespread black markets. Strange faces have cropped up among buyers at the cattle markets. Distributors are getting offers of beef from packers they never head of before.

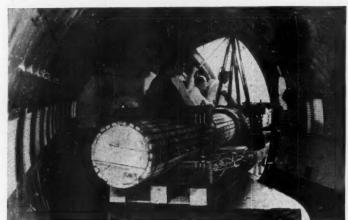
• Consumers—Disalle has no secret

• Consumers—DiSalle has no secret weapon for countering the strike. He, too, is relying on the consumer. Buyer resistance has already developed in many parts of the country. He sees no reason why it shouldn't spread.

Consumers wouldn't have to do without meat. There's plenty of pork around. All OPS asks is that consumers stand for the beef shortage for a month —or for two weeks at the very least. That would put growers up against the Aug. I deadline for the second rollback in cattle prices. Faced with no crack in the front, growers would certainly sell all they could to avoid further losses.



## After Tricky Loading Job . . .



## . Plane Carries 10-Ton Rod

When a modified DC-6-A belonging to Slick Airways took off from Philadelphia's Northeast Airport last week, it was carrying the heaviest single piece of machinery ever transported by a commercial airline. Tucked inside was a 10-ton tierod measuring 32½ ft. long and 16¾ in. around—plus 3,500 lb. of installation accessories.

• SOS—The piece, fabricated by The Midvale Co. of Philadelphia, was headed for the Vernon (Calif.) plant of Aluminum Co. of America. The ex-

trusion press at the Vernon plant had broken down. Alcoa needed the tierod in a hurry, so it decided to ship it by air.

• No Easy Job—Maneuvering the tierod through the 6-ft. by 12-ft. doorway of the plane took 3 hr. The piece had to be moved inside gradually, to distribute the load evenly; 200 lb. per sq. ft. on the plane floor was the limit. And the rigger had to see that the hook suspended from the crane boom didn't damage the plane itself.



#### **WORLD-FAMED SONGWRITER HARRY WARREN SAYS-**



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#### indispensable in my work"

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Mr. Warren says "My Ekotape with remote control is indispensable in my work. Ekotape's ability to start and stop instantly, without 'lag' or 'wow', its fast forward and fast rewind, and its high fidelity of reproduction make it ideal for my special needs."

You probably aren't a professional songwriter—but there are special needs in your business which can best be met by having your own Ekotape recorder available at all times: Conferences, salesmen's training, instructions or messages to branches or meetings—Ekotape does a top job at modest cost! Write for full information to Wester Electric Company, Racine, Wisconsin. Established 1909.

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And call your nearest Comptometer representative for: Rental Comptometers—by day or month. Help with your payroll problems. Factory-trained servicemen. A demonstration of the new Comptometer!



#### BUSINESS BRIEFS

Walter S. Mack, Jr.'s Phoenix Industries Corp. plans to buy a controlling interest in both Nedick's, Inc., New York lunch counter chain, and National Power & Light Co. If SEC approves the deal, Mack would change the name of National Power to National Phoenix Industries, Inc. National's first venture: the operation of the Nedick's chain.

An airline interchange deal, linking Miami, Tampa, New Orleans, Houston, and San Antonio by through-flight, was recommended by a CAB examiner. Partners in the agreement are arch rivals Eastern Air Lines and National Airlines.

Bans on door-to-door selling were upheld as constitutional by the Supreme Court in a test case. About 400 cities in the U.S. have such ordinances. Salesmen may call on homeowners in these cities by appointment only.

Willys landed two sizable development contracts—one from Glenn L. Martin Co., the other from the Army Signal Corps—for its new electronics division. The division will move into a new plant in Toledo this month.

Medicine man Dudley J. LeBlane, inventor and promoter of Hadacol, the fast-selling "dietary supplement" (BW—Jan.6'51,p72), may sell his business to "a very large drug house" for \$20-million. If he does, the Louisiana state senator will insist that he remain chairman of Hadacol's board and receive a royalty on sales of his formula. He says he might also run for governor.

N. Snellenburg & Co., 78-year-old Philadelphia department store, has sold out to Bankers Securities Corp, a local investment management firm.

The end of "Mother Hubbard," Justice Dept.'s long-standing antitrust suit against virtually the whole U.S. petroleum industry, came this week. Attorney General McGrath said the litigation, originally filed in 1940, was too unwieldy to prosecute as a single case. It will be split into separate actions against fewer defendants and on more limited issues.

Oklahoma will lure new business into the state with the promise of tax concessions for the first five years. Companies will pay small levies based on production in lieu of tax. But to qualify, new industries can't compete with businesses already in the state, must have at least \$75,000 of initial capital.



## AIR CONDITIONING SYSTEMS

for

BUSINESS AND INDUSTRY



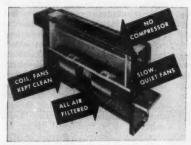
NEW DUN & BRADSTREET BUILDING in New York City has G-E Personal Weather Control Air Conditioning. Over 450 G-E room units circulate filtered, fresh air that is cool in summer, warm in winter. Architect: Reinhard, Hofmeister, & Walquist. Consulting engineer: Syska & Hennessy, Inc. General confractor: George A. Fuller Company. Air conditioning confractor: Kerby Saunders, Inc.

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## **G-E PERSONAL WEATHER CONTROL**



NO COMPRESSOR IN ROOM UNITS, just quiet, velvel-smooth fans and G-E motor. Room occupants can set temperature as they like without disturbing others. Units are supplied with attractive cabinets (above) or can be concealed in walls. Windows are never blocked.



ALL AIR FILTERED, protecting coils from dust which cuts performance drastically. Filters — inexpensive, changed in less than a minute—reduce room cleaning, avoid costly coil cleaning. Nine-inch deep unit takes little space, circulates air gently through large area.

HERE 15 an air conditioning system that in most cases costs less to install...and goes on piling up savings for its owner through many years of operation.

It's General Electric Personal Weather Control, which heats in winter and cools in summer...utilizing individual G-E room air conditioners supplied with hot or chilled water through simple pipe runs from a central heating and refrigeration plant.

HOW YOU SAVI...Valuable space can be saved and alterations can be avoided by supplying ventilation through smallsize ducts, the method used in the new Dun & Bradstreet Building (above) in New York City. Installation costs can be reduced even further by installing these systems with no ducts at all...using wall apertures for fresh air.

G-E Personal Weather Control often requires substantially less compressor capacity, saving both installed and operating cost. When rooms are unoccupied, units can be shut off. When there are few people in the building or the system is being started in the morning, units can be operated without the expense of running ventilation equipment.

MAKES YOUR BUILDING MORE PROFIT-ABLE...Tenants enjoy living or working in buildings air conditioned by G-E Personal Weather Control. Each tenant can set the temperature of his room without disturbing others. And it's easier to rearrange office space, because G-E room units are flexible.

It's no wonder that G-E Personal Weather Control Air Conditioning is installed in Houston's Sterling Building ...12 Sheraton Hotels...the prominent new 575 Madison Avenue Building in New York City...and other leading buildings all over the United States.

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## LABOR

## Ford Hit By New Bid for UAW Power

Lewis lends his name to Stellato's anti-Reuther faction. But drive against regime is still mild compared to the stormy old days.

There's more than meets the eye to the United Auto Workers (CIO) charges that Ford Motor Co. is speeding up its assembly line. Underneath the routine labor issue is another bid for a slice of Walter Reuther's power.

This time it's Carl Stellato, head of the Ford local, who is making the bid. His senior partner in this enterprise

may be John L. Lewis.

Thus far, however, Stellato's move is mild by old UAW standards. For UAW is not the union it once was. General Motors, Chrysler, Ford, and almost any other big employer who has dealt with it over the years will testify to that. They might not want to say publicly that it's better or worse. But they won't hesitate to say it's changed.

• Strife-Ridden—Once UAW was the No. 1 example of what happens when democracy runs wild in an organization. Turbulent, strife-ridden, split into factions, it approached anarchy. The managements with which it had contracts were driven to distraction.

Then two things happened. First, a capable, ambitious career-unionist, Walter Reuther, became president. Second, Reuther consolidated his control over the organization by getting a majority of his slate elected to the UAW governing body, its executive board.

Up until then Reuther had been the leader of one of the two nationally organized factions in the union. The other faction was a polyglot amalgam of uninspired union functionaries, Communists, and unionists who thought Reuther was too radical.

 Pulverized—When Reuther achieved full control, he pulverized the opposition. Some of it he won over, some of it he purged; most of it he neutralized. Since then there has been only one national faction in UAW, the Reuther administration. And things within UAW have quieted down considerably.

As a consequence, UAW's relations with its industry have become much more stable. The bitter competition of one faction to be more militant, more demanding, more anti-employer than the other no longer exists.

Today, though far from being one of the "softer" unions, UAW is beginning to win a reputation for being a responsible organization.

• Union Power-But there are many jobs in a big union to fan ambitions.



CARL STELLATO, boss of the Ford local.

The power and prestige of union office is eagerly, avidly sought. Unless the Reuther hierarchy does what some union hierarchies have done—contrive to perpetuate itself in office by anti-democratic means—there will always be the possibility that a Reuther opposition will form. And a potential opposition always exists.

• Reenter Lewis—The current one, which has Stellato as its titular leader, is looking for help from John L. Lewis. He will appear before the June 23 anniversary meeting of Local 600, after not having been in Detroit for 10 years.

Booked by the Stellato adherents as the "father of CIO" without whose leadership Ford employees would not have been organized, Lewis—if not fishing in troubled water—is lending his name and prestige to the anti-Reuther camp. Detroit thinks it inconceivable that members of Local 600 would flock into the miners' union or switch to any other organization. But no one denies that Lewis can be a big factor in internal UAW politics.

UAW's employers, though far from

UAW's employers, though far from loving Reuther, watch with some dread the efforts of an opposition to organize. Such an opposition invariably tries to outdo Reuther in being tough toward

management.

This is exactly what is happening now at the big Ford Motor Co. plant on the River Rouge.

• Call for Fight-Ford is under heavy fire from leaders of the big, turbulent UAW Local 600 for what the leaders say are "speedups" on its assembly lines. Leaflets accuse the company of trying to boost production at the expense of employees. They urge workers to get behind Local 600 leaders for a fight on "speedup" activities.

a fight on "speedup" activities.

Local 600, UAW's largest, with 60,000 members, is headed by Stellatowho is opposed by both extreme leftists and Reutherite middle-of-the-roaders in his local. The two opposition groups almost dumped him from office at the last Local 600 election (BW-Mar.31 '51,p34). They claim even more strength now-and, obviously, Stellato holds a shaky position.

• Dues Boosted—Stellato thought he had an issue that would help build up his strength after the April UAW convention in Cleveland. Reuther had proposed, and won, a \$1-a-month dues increase (BW—Apr.7'51,p35). Angry, post-convention outbursts from rank-and-filers indicated the dues hike was highly unpopular. So Stellato, who had led the opposition floor fight in Cleveland, continued the debate when he got home.

Other anti-Reuther leaders took a similar line. For a while, it looked as though a new split in UAW might be in the offing. But while rank-and-filers didn't like the dues hike, they didn't flock to the dissidents. Their reaction was about like that to a boost in taxes: They groused a lot, but accepted it.

There might have been a difference if there had been a strong and colorful leader among the anti-Reutherites—one able to capitalize on dues dissatisfaction to unite splinter groups in UAW. But there's no such man in the dissident camp now. Stellato, perhaps the strongest of the lot, fell far short of matching Reuther's leadership and talents whenever the two clashed in Cleveland. Moreover, he has little following outside his local base.

• New Target—When the dues issue

• New Target—When the dues issue showed obvious signs of dying, Stellato and anti-Reutherites in other locals switched to a traditional target for roundhouse swings: management.

Three weeks ago Stellato attacked Ford for: (1) a "speedup" of production lines; (2) the company's decentralization policy; and (3) recent layoffs. Stellato said Ford's aim is "to divide and

## FOR YOUR SUMMER SAFETY

Sunshine, fresh air, exercise, and relaxation are essential to good health. Now that the summer months are here, doctors urge everyone to take full advantage of the opportunity for outdoor activities.

Summer holidays, however, are often marred by accidents and injuries. That is why it is important to know first aid and other measures that may help prevent serious crippling . . . perhaps even save someone's life.

It is well to remember that if an accident occurs and there is any doubt about the seriousness of the injury, the only safe thing to do is—call the doctor at once. Here are some other precautions that everyone may take for summer health and safety.



When swimming—be sure to take proper precautions when swimming or playing in the water, as drowning from these causes claims many lives each year. Do not swim alone—or too soon after eating. Obey all warning signs—especially those regarding diving or swimming too far from the shore. It is also wise to safeguard your children by teaching them how to swim early in life.



When exercising—make sure that you do not overdo any form of physical activity to which you are unaccustomed. The best rule is to check with your doctor about week-end and vacation activities. He will advise you about the kind and amount of exercise that will be safe and beneficial. In any event, avoid excessive fatigue.



When sunning—remember that the sun is strong "medicine" and that sunburn causes an annual loss of several million work days. So, take the sun in small doses—about 10 minutes the first day, 20 the second. Sunburn usually can be prevented by applying a "sun-protective" preparation to the skin before exposure. However, to protect yourself against sunstroke or heatstroke, avoid long, direct exposure to the sun



When camping—watch out for poison ivy, to which 2 out of 3 adults are sensitive. Remember the old adage—"leaves three, let it be." Also be on guard against other poisonous plants, such as poison oak and poison sumac. Be prepared for all minor injuries—such as cuts and burns—by including a first aid kit in your equipment.



When motoring—constantly watch other cars on the road. This may help you avoid an accident, even if other drivers do something wrong. By watching traffic carefully, it is often possible to anticipate situations that might lead to an accident. Take every precaution for your own protection when you see others violating the rules of safe driving.



When starting on a trip—make certain that your car is in good condition before starting on a summer outing. Brakes, steering mechanism, lights, tires and other vital parts should be thoroughly inspected. Remember, too, that the older your car gets, the more carefully it should be checked mechanically.

First aid courses are given in most communities by the American Red Cross. Taking these courses will help prepare you to act quickly and efficiently in case of accidental injury. Metropolitan has prepared a booklet entitled "First Aid" which contains information on how to care for many types of emergencies. To get a copy, fill in and mail the coupon.

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Webster Walvector in auditorium of Norfolk Catholic High School. Architects: Gleeson and Mulrooney, Phila. Assoc. Architect: T. David Fitzgibbon, Norfolk. Consulting Engineer: William G. Flurer, Phila. Heating Contractor: Coley and Petersen, Norfolk.

# Solves Heating Design Problems in 500-STUDENT HIGH SCHOOL

The designers of the new Norfolk Catholic High School were able to attain long sought objectives by using Webster Walvector Radiation and forced hot water for the basic heating need, supplemented by Webster Convectors and Webster-Nesbitt Unit Heaters.



Norfolk Catholic High School, Norfolk, Va. Auditorium wing at left, gymnasium wing at right. Cafeteria wing in rear.

Economy in first cost was helped by the simplicity of Webster Walvector with its reduction in distribution piping and use of only limited space, well illustrated in the auditorium view.

Comfort was assured by spreading the heat the full length of the outside wall. Minimum operating costs were obtained by division of the installation into five zones.

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ruin" Local 600-and "some international officers" of the union are helping.

The pro-Stellato Local 600 paper followed up the Stellato attack, criticizing "double talk" from UAW's international leaders. Then came the leaflets urging Ford workers to "unite to stop speedups."

The leaflets had a quick, disturbing

effect on Ford labor relations. Whether or not workers had noticed any effort to speed assembly lines, they figured Stellato must have grounds for his charges. Department by department in the huge Rouge plant, they pledged support. Thus the campaign put Ford in the middle in another hot intraunion scrap.

## Can Workers Bypass Union?

It's up to labor board, as GE grinders call off strike pending decision. Right-wing workers had sought a raise directly, refusing to deal through the leftist UE.

A strike in General Electric's turbinedivision plant in Schenectady ended last week after seven days. But its importance lingers on.

The walkout concluded with the basic issue unsettled. GE and strikers agreed to let the National Labor Relations Board rule on the right of employees to present grievances as individuals, bypassing their union.

The decision, important for all management, will require a fine interpretation of the Taft-Hartley act. T-H's broad Section 9 (a) guarantees both the "exclusive" bargaining rights of a duly chosen union and the right of individuals to deal directly with their employers.

• Kight vs. Left-Right-wing employees in the grinding section of the turbine plant asked GE for a 25¢ raise, arguing that the present top rate of \$1.66½ is "inequitable in view of the skills demanded . . in their jobs of grinding tools for turbine production."

GE refused to act on the request, which was filed as a grievance. It told the 150 grinders that the request would have to be made formally through the left-wing United Electrical Workers (ex-CIO)—collective bargaining agent in the plant.

But the grinders said that they didn't want to do business anymore through UE; they wanted to deal with GE directly, as a group of individual employees.

GE said it couldn't deal with them that way. The men quit work.

The stoppage ended when the "individuals" filed unfair-labor-practice charges against GE with NLRB. Both sides then announced that work would be resumed, on a "wait and see" basis, pending a board decision.

• What It Involves—GE's contract with the union provides that all group grievances must be presented through regular UE channels. The company says this means that as long as UE is bargaining agent GE can't recognize a group grievance petition that bypasses the union. If it does, GE says, it risks being held guilty of an unfair labor practice against UE.

A spokesman for the grinders disagrees. Harold Barber argues that under T-H the company must allow "groups of employees . . . to present grievances to their employer . . . without intervention of the bargaining representative." UE must be informed of the grievance and allowed to sit in on the discussions, but those are all the rights the union has, Barber contends.

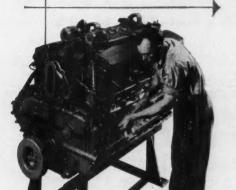
• Different Now—Under the old Wagner act, there was no question about the "exclusive" bargaining rights of a plant union. The Senate sought to change the tight Wagner act restrictions through T-H, to broaden the rights of individuals. The final version of T-H contains this important proviso, crux of the GE-grinders argument: "A group of employees shall have the right at any time to present grievances to their employer and to have such grievances adjusted, without the intervention of the bargaining representative, as long as the adjustment is not inconsistent with the terms of a collective-bargaining contract or agreement then in effect."

GE says this "clearly" outlaws group petitions of the kind presented by the grinders, "inconsistent" with terms of the GE-UE contract. Any other interpretation, the company said, would bring on a rash of group petitions that would upset bargaining in GE plants—and plants of other employers, too.

• Complications—The dispute at the Schenectady plant is complicated by the fact that UE faces a jurisdictional challenge there from its right-wing rival, CIO's International Union of Electrical Workers (BW—May26'51,p40).

UE blamed IUE for stirring up what the leftist union called "wildcat strike action" in the turbine plant. IUE denied it was involved in any way. In turn, it accused GE of "making use of the technicalities of the T-H law" and playing "one group of workers against another in an anti-union campaign" in the plant.

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#### TWICE!

Cummins is the custom-builder of the Diesel industry. Each engine is built to fit the job—and the individual piece of equipment in which it is to be installed. And every Cummins engine is built twice. First, each engine is assembled, run-in tested. Then it is disassembled completely, and inspected. Finally it is reassembled and tested again. This extra care in precision building, Cummins exclusive fuel system, efficient parts and service organization... mean less "down-time" and more power and profits for Cummins users. See your Cummins dealer.

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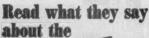


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"Posting figures all day takes less effort with Mongol Pencils" ...states Ethel A. O'Neil, Bookkeeper, Port Angeles, Wash.



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"Effortless writing Mongols is what I call them, they're so smooth"...says Norman Schroeder, Payroll Chief, Ypsilanti, Mich.

What's their preference after writing all day? MONGOL Pencils! For smoothness...strength ...longer wear. If your office isn't using world-famous Mongols yet, specify them now!

LIGHT TOUCH LEAD

MONGOL EX EBERHARD FABER Cleveland, Ohio May 14, 1951

#### A Message from Your Bank On a Decision Vital to You and Your Family

To All Cleveland Trusters:

So They Don't Subject White

Collar Workers to Violence!

This, in brief, is the story of the first strike taged against a major American bank by pro-

The Financial Employees Guild, they imply, will not be just another ordinary industrial labor union. It will not even be called a union, but by the more genteel name of a "guild."

The CiO, they glibly imply, does not compel "white collar" workers such as bank employees,



Scane of mass elebating by Financial Employees Guild, July, 1947 at main office of the Breeklyn Trust Company, Brooklyn, N.J.

PAMPHLETS, slanted to discourage unionization, were circulated at Cleveland Trust.

#### Union and Bank Slug It Out

FEG wants NLRB to set aside election results at Cleveland Trust, charging that bank campaigned unfairly against organizing drive. Issue may help decide employers' free-speech question.

How far can an employer go in antiunion campaigning?

In essence, that is what the Financial Employees Guild (CIO) was trying to find out when it asked the National Labor Relations Board last week to set aside an election at the Cleveland Trust

Two weeks ago, employees rejected unionization at Cleveland Trust, sixth-largest bank in the country. The vote climaxed a campaign during which the bank actively opposed FEG's organizing efforts. By leaflets and letters, it told employees they would be better off continuing to deal directly with the bank.

The company hewed closely to the line on permissible campaign tactics by employers, as set down by Taft-Hartley decisions. But not closely enough, the union charged.

• Work of Specialists—FEG opened a drive early last fall among employees at main offices and 56 branches of the Cleveland Trust (BW—May5'51,p36). Sam Sponseller, CIO director in the Cleveland region, took charge for the new, small union. Other CIO unions in Cleveland offered assistance—financial and advisory—but Sponseller turned it down. He wanted to campaign strictly along white-collar lines.

The drive got off to a slow start, flared up in November. At that time, the bank named Stanley, Smoyer & Schwartz, Cleveland law firm that specializes in labor matters, to "protect" its interests in the union drive. Sponseller criticized the appointment. George Gund, Cleveland Trust president, defended it—and criticized FEG's use of "outsider" Sponseller to run its campaign. That brought the unionization battle out in the open.

The bank agreed to a consent election in May, after earlier demands that the union go through the full, slower T-H petition procedure for an election. Campaigning was brisk for three weeks. Then 95% of the 1,890 eligible employees of the bank went to the NLRB polls. Two weeks ago, NLRB announced the result: 1,047 against FEG; 733 for the union; and 8 ballots voided.

• Union Disappointed—The outcome was a body blow to the union. Although it had had trouble getting election-

was a body blow to the union. Although it had had trouble getting election-petition signatures from 30% of Cleveland Trust's employees, the union counted heavily on a victory. It wanted one to set off a major organizing drive in Ohio banks and in the midwest.

Partly because of this, FEG's officers took a face-saving step. They claimed the bank's victory was "only temporary" in New York from 1945 to 1948 and just as widely rejected by the New York bank employees. There is nothing new in this so-called "program" offered you. It in-

when Cleveland Trusters are subject to

The Cleveland Trust Company



ILLUSTRATIONS made the most of picket-line violence.

-since, they charged, the bank's electioneering tactics couldn't bear close scrutiny from NLRB.

The union complained that printed material distributed among employees, and prepared for the bank by Stanley, Smoyer & Schwartz, was unfair—even though the leaflets carefully observed the new limits placed by NLRB on employer free-speech rights.

• What T-H Allows—Recent decisions

 What T-H Allows—Recent decisions by NLRB in employer free-speech cases decree that:

• The employer may discuss the facts about a union, as he sees them—as long as he sticks to facts.

• The employer may express a preference for a no-union vote, as long as he doesn't threaten or coerce employees—or as long as the expression of preference isn't set against a past anti-union coercive record. Most important, the employer must not promise a reward for a no-union vote or threaten penalties for those who vote for the union.

 Handbook—While the bank minced no words in its broadsides, it kept these rules in mind. It told employees the purpose of leaflets was to "describe as accurately as possible the dangers both to [employees], to our customers, and to the bank, if [the union] should inicct itself into this bank."

It added that the leaflets should be considered only as guides to a decision: Employees always have an "American right to vote as you decide . . . without fear of anyone and in accordance with your judgment and conscience." No one, the bank stressed, would be treated any differently, regardless of how they voted.

At the same time, the leaflets left no

doubt whatever of the bank's preference.

• Union Reaction—On the surface, the leaflets appeared to comply fully with T-H rules. But, said the union, the broadsides still were "a damaging form of anti-union campaigning."

FEG protested, for instance, against what it called a sly injection of the Communist issue into campaigning—by coupling the right-wing FEG with the old United Office & Professional Workers, ousted by CIO for leftist policies.

The union also complained that the bank's recital of "facts" about unionization was unfair. The bank stressed the possibility of strikes, picket-line disorders, and rough-and-tumble unionism, all repugnant to white-collar workers.

According to the union, no matter how closely the bank observed NLRB free-speech rules, its printed material had a strong anti-union odor.

 NLRB Charges—FEG mulled formal charges against Cleveland Trust until just before a deadline set by NLRB.
 Then it filed its petition to have the election upset. But at the last minute it made no specific reference to the Stanley, Smoyer & Schwartz literature.
 Instead, it protested other alleged bank campaign practices:

 Abetting, aiding, and encouraging bank employees to campaign against the union on company time, which privileges were refused union members.

 Aiding of nonunion employees in preparation, dissemination, and distribution of anti-union literature.

 Promises of wage increases and improved working conditions providing employees voted against the union.

But there is little doubt that the union will mention the leastest later.



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Trucks are kept busy 24 hours a day at this grain mill because they make savings like these:—

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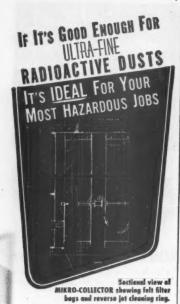
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\*Patents applied for by H. J. Hersey, Jr. and Pulverizing Machinery Company

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#### Union Aim: Pension Mobility

Unions are pushing for pension plans that will let a worker switch jobs without losing his rights. It's a hot subject because the average worker changes jobs 10 to 12 times in his working life.

If you are thinking about what changes the future will bring in industrial pension plans, keep these facts in mind:

· During 1948 (the only year intensively studied), nearly one-third of all employees worked for more than one employer; one-fourth of them worked in more than one industry.

· In the automobile industry in 1947, 40% of all workers changed employers at least once during the year.

• In the same year in steel, 38% had more than one employer.

· A recent study of 1,000 family heads showed that the average worker had a new job every 31 years.

· Labor-market analysts estimate that the average individual has 10 to 12 different jobs during his working life.

• From Job to Job-What do these facts mean? That's the question raised by Wilbur J. Cohen, technical adviser to the federal Social Security Administration who put them together and suggests an answer. He points out that the average worker covered by what is now a standard pension plan is going to draw very little of his potential retirement benefit unless a deep-seated, national habit is overcome.

That's the habit of changing jobs, and it grows out of an honored American ideal: Keep your eyes open for a better opportunity, and take it. Labor mobility, so important to American industry, is sustained by the urge to find

and get a better job.

• Head-On Clash-Most pension plans now operating clash head-on with this principle. Length of service with one employer is the important determinant for pension benefits. But you can watch for that to change. Having succeeded in establishing pensions over wide in-dustrial areas where they never existed before, the unions will inevitably push for changes to protect their members' interests.

· Making Strides-Unions have been taking some long steps in that direc-Willys-Overland and UAW last week signed an agreement in Toledo that provided in a unique way that a worker going from job to job may take his pension credits along with him. The Willys-Overland deal represents a compromise with UAW's areawide plan in Toledo-but it does lay the foundation for further work in pension accumulation in various jobs.

· Hold on Account-Under the Willys contract, an employee retains rights to pension credits built up for him after 10 years of service. He cannot collect any money for these pension credits at the time he may leave the payroll, but they do continue to be held to his account. When he reaches 65-normal retirement age-he may claim the benefit due him. And he receives it no matter where he may be or what he may be doing.

The amount is figured out this way: After 25 years of service, at age 65, the worker would be guaranteed a \$100 pension, federal social security in-cluded. If he leaves Willys after 10 years, for example, he can apply to the company at 65 and be credited with 10/25 of the difference between \$100 and his federal social security

· A Pattern-If UAW is able to sign similar contracts elsewhere, a man might work 10 years at Willys and 15 years in another plant, and combine those 25 years of service when he reaches 65 to become entitled to the \$100 pension. Quite obviously, UAW hopes to use this Willys pattern as a basis for other agreements.

• Workers Collect-Willys pensions go up to a maximum of \$117.50 per month after 30 years of service-every year after 25 increases the pension package by \$3.50 a month. Retirement under this specific contract is voluntary.

To finance the plan the company pays 7¢ an hour into a fund that was set into operation last September.



PENSION EXPERT Wilbur J. Cohen forecasts basic changes in industry plans.

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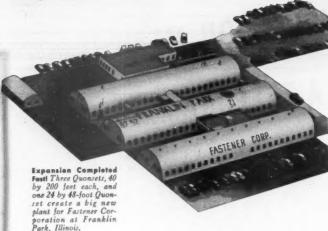
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CHRYSLER SMOCK was too sissified for 14 workers-so 32,000 stayed off the job.

#### Semantical Strike

Because Chrysler called it a smock, not a coverall, 14 workers who asked for the new garment walked out.

It's hard to get an auto worker to wear a smock-at least, as long as it goes by that name. Chrysler Corp. found that out when it tried to clothe 14 men in its Dodge plant in the garment. The indignant reaction resulted in work stoppage that idled 32,000 workers last

• The "Hump" Walks Out-Late in May, assembly-line workers demanded protective clothing to be used on the 'hump" of the line-where the conveyor belt rises and men on top feed bolts that join chassis and body to workers below for fastening. The men, who had never had protective clothing on the "hump" before, said they ought to be provided with coveralls to shed

dropping grease. The company checked the jobs and found that 14 might justify special work clothes. It offered the men smocks similar to those worn by fender paint workers on another floor-vestlike, tiearound jackets. The men didn't like them, refused to wear them, and again demanded coveralls. Chrysler lengthened the fronts and added sleeves (picture). The result was still a smock— and the "hump" workers walked out, saying that they would not wear the company's smocks.

· Stoppage Spreads-The next working day, three union shop stewards were fired on charges of provoking the walkout. A plant tieup then spread from the assembly line (which stopped when

the 14 quit and shut down much of the Dodge plant) to interplant drivers. That cut off the interplant delivery of parts from Chrysler's Dodge plant, and operations at DeSoto and Chrysler-Kercheval plants stopped. By the end of the day, 32,000 employees had walked out.

The "wildcat" strike ended in a truce last weekend. Strikers agreed to work -but not in smocks-at least to June 14. Company and union will try to settle

the dispute by then.

• "Sissified"—A source in touch with the entire mushrooming affair from the beginning commented: "I think this never would have happened if those garments weren't called 'smocks' at the start. The men feel they are being sissified. You might say this is the first semantical strike in the industry."

#### LABOR BRIEFS

CIO president Philip Murray's return to his desk last week after a month's illness may set off a long-expected demand for a steel raise. Murray is United Steelworkers' president and chief negotiator as well.

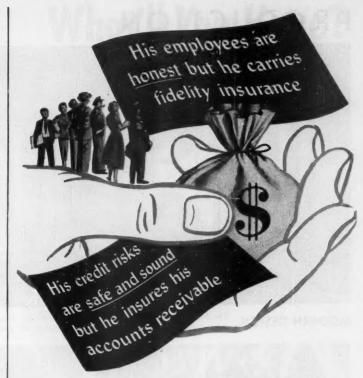
The Westinghouse settlement with CIO's electrical workers gives the union a 9¢ raise—if WSB will approve it and federal pricing authorities will let Westinghouse lift prices to cover the added labor cost. If the 9¢ isn't in workers' paychecks by July 2, they can strike after July 16.

Insurance workers employed nationally by John Hancock voted 3,064 for representation by CIO; 1,499 for an independent union; 652 for AFL. The CIO's next targets: Prudential and Metropolitan Life (BW-May5'51, p36).

Miners' pensions are now going to 39,111 men; says the 1951 report of UMW's Welfare & Retirement Fund. Pensioners averaged 34 years in mines and are now 64.8 years old.

A TV channel in Detroit is being sought by UAW. Meanwhile, the union is going on video beginning June 19 with a weekly program televised by WWJ-TV. Like ILGWU (BW-May12'51, p43), UAW is cutting FM activities; the union plans to ask FCC for permission to close WCUO-FM in Cleveland.

Domestic workers in Pittsburgh are being organized by the new, independent United Domestic Workers of America. Limited to full-time domestics, its goal is stabilized pay and improved work conditions in homes.



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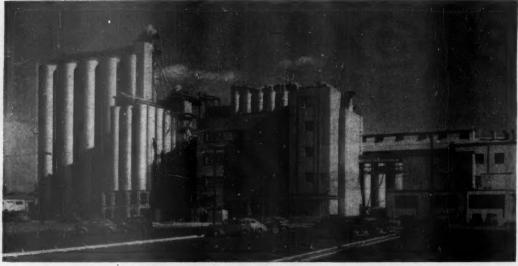
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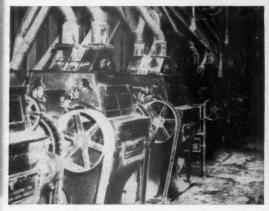


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#### **PRODUCTION**



MODERN DESIGN The flour mill of the future will look something like General Mills' new plant at Los Angeles-the only complete milling unit built in this country in 25 years.



OLD WAY Mechanical conveyor systems that carry flour from one machine to another often spill quite a lot of the product on the floor.



**NEW WAY** Pneumatic ducts that blow the flour from one machine to another machine by air pressure, keep the plant dust-free.

#### Flour Milling: Time for a Change

Most U.S. flour milling equipment is obsolete; it has hardly changed or improved in the past 30 years. Now with a large part of the market falling out from under it, the milling industry realizes that it must modernize or watch its profits evaporate.

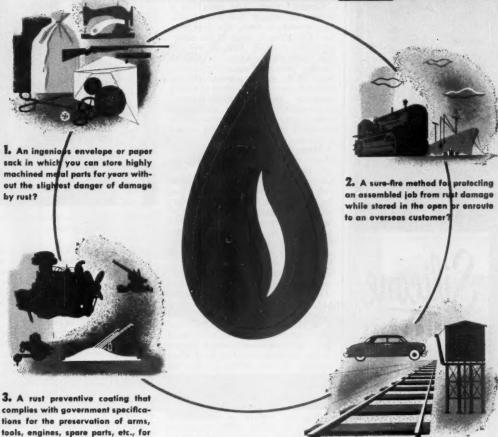
 Costs Count Now—Antique, rundown equipment didn't bother millers much a few years ago; there was a market for all the flour they could grindat almost any cost. About a third of U.S. output was pouring into Europe. Now European flour production is back to prewar levels—in some cases it is higher. As a result, the export market is practically gone. U.S. production has dropped 25%. Operating costs now count for plenty.

In the face of this drop in demand,

In the face of this drop in demand, and the consequent drop in flour production, the industry has been stuck with an excess capacity that it can't afford to run at less than full throttle. In fact, most of it is designed so that it has to run full speed or not at all. With most mills running on machinery that is already 30 years to 60 years old, modernization offers the industry its best hope of adapting to the new situation.

• Model Mill-Only one new mill-General Mills' Los Angeles plant-has





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been built in the last 25 years. This streamlined unit, installed by Allis-Chalmers Mfg. Co., will probably set the pace in design for the industry.

General's plant looks more like a modern oil refinery than a flour mill. And it works in about the same way, too. Operation of much of the equipment is automatic. Products are carried from one machine to another through pneumatic conveying systems. Some of the milling processes are controlled by instruments instead of human operators. Altogether, these technical improvements in milling combine to make a plant whose production can be scheduled to fit whatever the market demands.

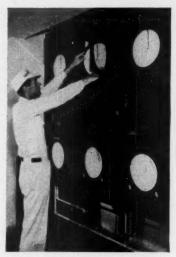
• Materials Handling—Although completely automatic operation is still far off, the first way to get it, Allischalmers feels, is through better materials handling. With air pressure as the driving force, duct systems can carry grain or flour among machines with little or no human interference. "We look toward the day when bucket conveyors and screw conveyors will be done away with in favor of 100% pneumatic handling," says Herbert Swan, manager of Allis-Chalmers' grain-milling machinery section.

• Cleanliness—Next to product handling, the most popular trend in milling is toward cleaner plants. After World War II, federal and state pure-food requirements were stiffened to the point where mills had to make radical changes in their methods of making flour. Many installed vacuum systems to clean the chaff and meal out of dust-catching corners in the plants. And to get rid of bugs and rodents, some plants brought in fumigation programs.

Now the emphasis on cleanliness is showing up in the milling equipment itself. Wood coverings—once used for the sake of humidity control—and outside gear and chain drives that spilled the product around the plant have been scrapped. Now moving parts are enclosed with sheet metal or plywood. Some machines are designed to hang from the ceiling rather than stand on the floor; this helps keep the floors clean of waste materials.

• Integrated Production—With the old-type flour mills in operation now, milling is a series of processes that turn the wheat kernels into flour by separate steps. The steps are so integrated that one machine depends upon the operation of the machine behind or before it. It's like a watch movement: If one wheel stops, all the other wheels stop, too.

Because of this system, the cost of running a flour mill is rigid. If a mill runs at only half capacity, it still takes the same manpower, and operating expenses are about the same as when it runs at full production. So reduced vol-



INSTRUMENTS now automatically control many milling processes.

ume means higher costs for a miller.

• Europe Modernized—After the war European millers recognized the drawbacks of this intergrated production. And by adapting the General Mills' approach to the entire industry they were able to capture the European flour market from U.S. exporters.

European influences in plant design, despite their economy and efficiency, have hardly been felt in the U.S. There has always been a mild prejudice against foreign-built machinery, to begin with. And the import duty on the foreign gear kills a customer's enthusiasm for it. One U.S. firm, though, has contracted for a corn mill of Swiss design, a plant that's similar to one for flour. This mill will be all on one floor, a radically new idea in mill construction. U.S. grain mills are traditionally tall buildings, using gravity and bucket elevators to move the product.

· Something to Learn-Confronted with the European advances some U.S. millers are wondering if the same medicine wouldn't be good for U.S. mills. After a tour of principal European mills, Henry S. Crosby, vice-president and director of plant engineering of General Mills, looks at it this way: "One fact stands out: Management of European mills is putting capital into new plants in the expectation that improved performance will justify the investment. European management may be wrong, but they strike me as hardheaded businessmen, and it seems reasonable to assume that capital funds are no easier to come by in Europe than in this country. It is certainly safe to say that the factor of obsolescence has not yet been recognized in the American milling industry or at least not recog-



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the Columbia River near Bridgeport, Washington, General Construction Company of Seattle is excavating a 4,000,000-yd. intake channel for the powerhouse at Chief Joseph Dam. Digging includes approximately 2,500,000 cm. yds. of rock and 1,500,000 yds. of silt-sand from a bend in the river... material is used to relocate a riverside high-way. Most heavy hauling is heing handled by 9 high-speed electric-control LeTourneau dirtmovers... including 5 rear-dump C Tourna-rockers and 4 C Tournapulls.

2200' sycles every 6 minutes

Contractor's records show that, on all lengths of haul ranging from 200 to 4000' one-way, the 5 Tournarockers are averaging 6500 pay yds. of rock and sand per 8-hour day.

Photos were taken on a 2200' cycle, where the 5 Tournarockers were moving 640 pay yds. an hour. Two 2½-yd. shovels loaded these LeTourneau rock wagons in less than 2% minutes. Loads averaged 16 hank yards. Each Tournarocker completed a round trip every 6 minutes over narrow roads and up adverse grades.

#### Tournapulis move 2000 yds. per day

At the same time, the 4 high-speed C Tournapulls were moving dirt at an equally fast pace on another section. Pusher-loaded, each Tournapull heaped 10 pay yds. of moist silt-sand and gravel in 50 seconds... completed the 2600' cycle in 6 minutes over extreme grades on rough, winding haul roads. This checks with contractor's records which show that on cycles from 2000 to 8000', the 4 Tournapulls average 2000 yds. per 8-hour shift.

Contractors with these modern LeTourneau earthmovers can speed up your defense earthmoving. Check on your planned projects with your nearest LeTourneau Distributor.



nized sufficiently to affect capital investment."

In the past, U.S. milling firms generally haven't made any financial provisions for replacing worn-out machinery in their plants. Many companies have written down their equipment almost to zero, but have set up no replacement reserves.

• Not Production-Minded—One company executive blames the lack of technical progress on the fact that most of the industry's top brass have come up through the sales or grain-buying departments. These men, he points out, lack the knowhow of the production end of the business. Instead, mill management has emphasized marketing, without giving enough attention to the economies that are possible through more efficient production methods.

· Vicious Circle-The industry's stagnation has produced a vicious circle between the miller and the equipment manufacturer. Since millers are reluctant to buy new equipment, U.S. equipment manufacturers are reluctant to spend money on research and development of improved milling equipment. Thus there's a scarcity of improved equipment, and that, in turn, lessens the millers' desire to invest. Some equipment builders ruefully admit that European engineering firms are giving more complete service to the miling industry than are the equipment makers in this country.

• Tight Money—Without ready cash for plant modernization, most millers would have to turn to outside financial sources such as banks. But the industry isn't in a strong bargaining position when it goes looking for money. Since the mill-building boom ended about 1920, flour milling has been gradually losing its market. With the population shift from rural to urban communities, there has also been a switch from home to commercially baked goods. The profit margin on home flour is high, and that on commercial grades is low. So there has been a general drop in flour as a money maker.

The per-capita consumption of flour has also fallen off considerably. At the turn of the century the individual used about 230 lb. of flour per year. In 1949 consumption slumped to a low of 135 lb. Now it's swinging up again at the rate of about one pound per year per person. Millers also see a ray of hope in the astonishing growth in the U.S. population.

• Big Money—But this new potential in the market will hardly be enough to compete with the costs of plant modernizations, especially for the small millers. Today a medium-sized plant of 3,000 cwts. costs about \$2-million to build and equip. So plans of individual firms for rehabilitation of plants will have to be long term.

#### Standard Coaches

Railroads, seeking lower costs, study plan for cutting down on wide variations in nonsleeping passenger cars.

The railroads are on the prowl for ways to pare their mounting operating expenses (BW-May19'51,p124). One source of economy may be standardized nonsleeping passenger cars. Though that won't trim expenses right now, the move could save operating dollars over the long haul.

Standards for nine different car types have been developed by the American Railway Car Institute. ARCI and the Assn. of American Railroads figure the many interchangeable parts will make such cars cheaper to build, less costly to maintain. Standard units will allow car builders to group materials purchases for several orders. Also, such railroad cars can be mass-engineered and mass-produced.

Custom Built—Normally, railroad passenger cars are practically custom built.
 In designing new cars, builders like to incorporate all the latest devices and materials. The result is that equipment on most cars is not interchangeable.
 That means higher fabricating costs and more expensive maintenance.

Today you can find a heater in one car different from the unit in the next car on the same train. Each installation has a different wiring system. Variations in luggage-rack mountings bring differences in car roof and side constructions. Custom design in cars swells replacement parts costs, means higher investment in maintenance inventory. Window sizes vary all over the lot. So railroads have to stock lots of different glass sizes at all their repair stations.

Here are some of the cost reducers in the standard cars: Window-glass sizes have been boiled down to a minimum. Lockers for electrical equipment, generators, and air conditioners have been placed in similar locations in the standard cars so it'll be easier to find troubles. The electrical lockers are large enough to get at the innards easily. But there's enough leeway within the standards to give cars individuality in seat arrangement, trim, decorations, etc., according to the Institute.

Just how big the economies will be depends on the extent to which car builders and the roads adopt the standards. It's a safe bet they'll get lots of attention, especially since the standards have the blessings of AAR. Car builders like American Car & Foundry, Budd Co., Pullman-Standard Car Mfg. Co., and St. Louis Car Co. were in on the

There's an Art to office efficiency" MEMO TO: EXECUTIVES SUBJECT: MORE FLOOR SPACE New office layout for OTIS ELEVATOR COMPANY Careful planning, done well ahead, will help you "find" more work space when you need it, in the same overall dimensions. Get expert advice in revising congested office layouts, use files and desks engineered for economy, plan the day's work flow - and you save space, save time, save money. Every week! Every month! Every year! Any Art Metal branch or dealer will help you take practical steps toward increased working efficiencies. If you expect to move, build, expand, re-organize now or later - start your research and planning We will be glad to give you a copy of "Office Standards and Planning," nationally recognized handbook on this vital subject. Ask our nearest representative or address Office Planning Service Dept., Art Metal Construction Co., Jamestown, N. Y.



at public fountains

#### 79% prefer PAPER CUPS

Management has found it pays big dividends to add paper cup service to bubbler fountains — for complete drinking water service.

Because surveys at public fountains show 8 out of 10 people prefer — and look for - paper cups.

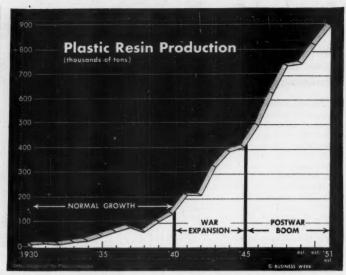
Because paper cup service cuts risk of contagion, reduces absenteeism, fosters efficiency and morale.

And AJAX cups, economically printed, can put any desired message right before the eyes of every user.

Modernize your drinking water service—easily, economically. Send coupon for fact-filled folder "X Marks the Spot."



0	UNITED STATES ENVELOPE COMPANY General Offices: Springfield 2, Mass. 14 Divisions from Coast to Coast
Complete	es Send me without obligation your folder on Drinking Water Service, and samples of AJAX Cups.
Neme	
Firm	
Address BW-4	



RAPID GROWTH of plastics industry came after a long, hard struggle. Now .

#### Shortages Threaten Plastics

Industry finds itself battling materials pinch that's sure to get worse. Expansion now means expanding supply sources, too. Cost is main drawback.

The plastics industry is finding out that problems don't end with maturity.

For years, the industry has been trying to make the materials family big league. It has had a long, tough haulfrom ash trays to industrial products, from fountain pen barrels to essential military parts. But now that the production of resins is reaching the 900,-000-ton-a-year mark, adult headaches are beginning to throb.

• Two Major Problems-At the annual meeting of the Society of the Plastics Industry, held at White Sulphur Springs, W. Va., 500 top men in the industry analyzed their problems. In the main, they found:

· The military squeeze on materials is rough and may get rougher.

• The effects of inflation are going

to make further expansion mighty expensive.

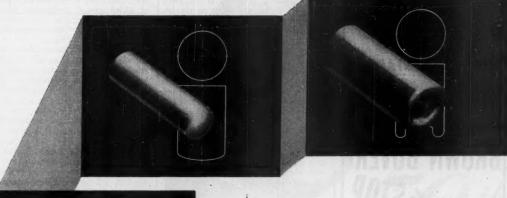
There were some encouraging notes, though. Government officials told the technicians that there was much better understanding of the plastics field to-day in Washington. The armed services are counting on the plastics people to do an even bigger job than they did in World War II.

Technicians also heard that National Production Authority control will probably envelop ethyl cellulose, as it already has poly tetra-fluor ethylene, polyethylene, and plastic-type nylon. Reason: Military demands and the tightness of raw materials.

· Squeeze Threatens Styrene-The materials squeeze showed up last winter, when government plans calling for heavy rubber stockpiling began to divert styrene monomer from plastic (polystyrene) manufacture to synthetic rubber. The industry pointed out in a series of meetings with government authorities that severe cutbacks in polystyrene would put many injection molders in a serious financial position, particularly those with heavy capital investments in new, large-capacity molding machines (BW-Nov.4'50,p68).

Walter Stults, consultant to the Senate Small Business subcommittee, told the White Sulphur meeting that steps were being taken to ease the harmful effects. He said the percentage of styrene used in synthetic rubber had been reduced; that all styrene directed to the synthetic rubber program, and not used, was being channeled back to plastic making. General corridor opinion was that these steps, although slow in getting under way, should help the small molder.

A spokesman for NPA reported that about one-third of current synthetic production is now being made with reduced styrene content. Tests are in the



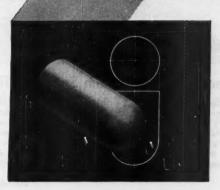
# Deep-Drawn Shapes with improved strength-weight ratios

produced by the

# Scaife Reverse-Draw Process

Deep-Drawn Shapes made by Scaife have exceptionally high strength-weight ratios, because the Reverse-Draw Process has the inherent property of maintaining a uniform wall thickness throughout the entire length of draw. The result is a superior deep-drawn shape, suitable for pressure vessels and containers, housings of various types, rocket and missile bodies and many other parts or enclosures. We will be glad to receive your inquiries regarding shapes up to 36-inches in diameter, with wall thicknesses up to ½-inch, formed by this process, from ferrous and non-ferrous metals.

The illustrations show a few of the shapes that can be produced by the Scaife Reverse-Draw Process.





Scaife Company

Founded 1802

OAKMONT (Pittsburgh District) PA.



Blaning machine using Quick-Stop Motors on feed and tool slide adjustments. To 1,000 starting and braking operations per hour.

Built for rugged industrial service — this combination BRAKE-&-DRIVE all-in-one unit as initial equipment or for replacement where frequent starts and stops are required — needs no outside power source or special controls for applying or releasing the brake.

The Brown Boveri QUICK-STOP Motor releases its brake and starts instantly when power is applied. It stops and brakes wish 150% of normal torque when power is cut. No creep and no backlash. And, it can be reversed like any standard 3-phase motor.

The QUICK-STOP Motors can be mounted horizontally or vertically — for forward or reversing operations — with available ratings from .3 to 8 H.P. in dripproof and .2 to 4 H.P. totally enclosed.

When the job requires STOPS QUICKER THAN QUICK and STARTS JUST AS FAST — again and again that's when you need a Brown Boveri QUICK-STOP Motor.

Learn why these motors are world-famous for dependable, trouble-free service.

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BROWN BOVERI CORP

works to see if the reduction (about 20% styrene is proposed as compared with 23.5%) has any effect on tire life and performance.

• Cotton Linters in Short Supply—Military demand for other supplies is also raising hob with plastics manufacture. Cotton linters have been tight for some time; that makes it tough for the manufacturers of the cellulose plastics, such as cellulose acetate, butyrate, ethyl cellulose. There's also a pinch in raw materials such as sulfuric acid, chlorine, etc.

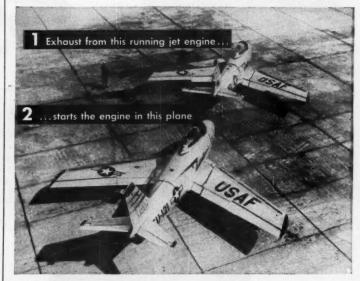
F. A. Abbiati, General Manager, Plastic Division, Monsanto Chemical Co., analyzed the problems materials makers face when they try to expand. Abbiati said that the proposed expansion in phenolic resins would net about 162-million lb. per year. According to Abbiati, that would require \$32-million for phenol facilities plus \$18-million for chlorine and caustic facilities, and over \$1.4-million for sulfuric acid facilities. Thus nearly a \$70-million investment is required to produce an additional 162-million lb. Further, the expansion would take at least 18, perhaps 24, months to complete.

Thermoplastic expansion is also costly, said Mahlon G. Milliken, vicepresident of Hercules Powder Co. Milliken showed that the price of expansion figures out to 50¢ for each pound of added annual production, \$50,000 for each man employed in the expanded facilities. This is close to a top figure for American industry.

• Controls Are On—Full-force NPA control already exists on poly tetra-fluor ethylene—in critically short supply plastic-type nylon, and polyethylene. With nylon in the squeeze for military use, brush makers are going to find the going rugged. Polyethylene—the stuff that squeezable bottles are made of—is now about 40% military, will probably get tighter.

• Blue Sky—There is one hopeful note on the materials front: Supply of cotton linters, to be harvested this coming fall, will be about 60% above last year; new plants for dissolving wood pulp (an alternate for linters) will increase that supply about 20%.

Molders seeking government business are getting some, although the expected flood of orders hasn't materialized. During World War II, the plastics industry made everything from Army buttons and dishes to component parts of shells, fuzes, guns, radar, and aircraft. The Army and the Navy will want as much, if not more, this time. And the numerous improvements in plastics materials will lead to many new uses.



#### Korea Pilots Take Chain Smokers' Tip

Like chain smokers who light a fresh cigarette from a still burning butt, U. S. pilots in Korea start engines of jet fighters with the exhaust blast from another jet plane. Normally it takes an external power unit to start a jet; that's because the amount of power needed is too much of a drain on

the craft's own electrical system. But at advanced or emergency fields, auxiliary starting devices may not be available. So ingenious airmen go to jet-start-jet technique. A General Electric service engineer in Kolea says such starts are easy to make, don't harm the plane that's being started.

#### PRODUCTION BRIEFS

A square parachute being tested by the Air Force's Research & Development Command drops heavier loads at higher air speeds than ordinary cargo chutes. Slits between the chute's cotton strips cut down the opening shock by allowing air to escape through the chute faster.

To get more steel R. G. LeTourneau, Inc., is building its own steel mill at Longview, Tex. Two electric furnaces, fed with home and purchased scrap, will supply a rolling mill that can turn out 1,000 tons of finished plate per day.

Radioactive cobalt—instead of a standard X-ray tube—is the source of radiation for an X-ray machine ordered by the Oak Ridge Institute of Nuclear Studies from General Electric X-Ray Corp., Milwaukee. The machine will be used for studying the physical and biological characteristics of the element

An improved catalyst of Dow Chemical Co. boosts the output of butadiene, a basic ingredient of synthetic rubber. With a normal input of butylene feed stock, it ups production by 10%—and after equipment changes by 50%.

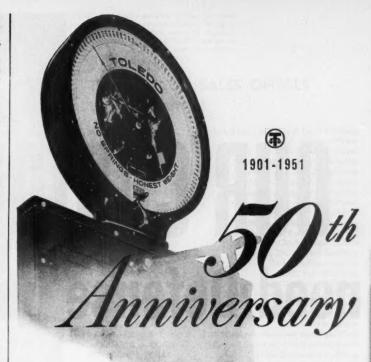
Benzene pinch relief: Shell Oil Co. plans a \$12-million plant at its Houston (Tex.) refinery that will have an annual capacity of 19-million gal. of benzene, and 38-million of toluene. Right now the benzene shortage (BW-Nov.25'50,p52) is close to 50-million gal.

Hollow-steel propeller blades made by Curtiss-Wright's extrusion process (BW-Mar.24'51,p108) got their first commercial order from Royal Dutch Airlines for its Super-Constellations. The Air Force has also placed a "substantial" order for its Douglas Globemaster troop carrier.

Chemicals from petroleum hydrocarbons will be the specialty of American Petrochemical Corp., a newly formed firm of Cities Service Co. and Firestone Tire & Rubber Co. Probable site: Lake Charles, La.

A bank of 27 coke ovens has been ordered by Granite City Steel Co. from Koppers Co., Inc. They have a capacity of 1,830 tons of coal per day.

A sultur extraction plant of Phillips Chemical Co. will use natural gas to produce 250,000 lb. of sulfur daily for the firm's ammonium fertilizer output.



Today, more than ever, you can look to

#### TOLEDO

to guard your costs better!

The story of Toledo Scale Company is probably as typically American as can be found in industry. From modest beginnings, a market was developed for a growing line of equipment honestly built and increasingly useful. Today, Toledos serve throughout industry... wherever high accuracy and dependability are demanded in weighing, counting, testing or force-measuring.

In food stores they have had confidence of merchants and customers for a half century—and now on food machines and restaurant kitchen machines the name Toledo identifies products of modern design and outstanding performance.

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Write for a copy of our 50th Anniversary Brochure . . . helpful information on modern Tolodo equipment.

# OUR CUSTOMERS need Defense business!

HERE ARE PLANTS READY TO ANODIZE,
ELECTROPLATE OR METAL SPRAY YOUR REARMAMENT JOBS

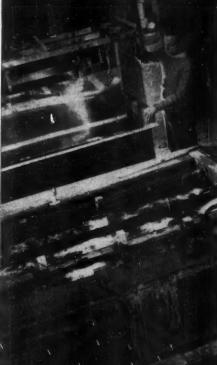
Among our customers is a group of companies who have finishing skills you may need. We know them—have served them and helped them gain the precious aluminum know-how they now have. We know also that many prime contractors have urgent need of the kind of skills they offer.

If you are a prime contractor in aluminum, many of your defense contracts may specify anodized aluminum. Others may require plating with nickel, chromium, silver and copper. Many may call for aluminum metal spray coating.

Our sales offices are in touch with the firms who have these facilities. An inquiry to your nearest Alcoa sales office will bring prompt action. Phone or write regarding your requirements, so we can tell you about the companies whose locations can best serve your needs. ALUMINUM COMPANY OF AMERICA, 2170F Gulf Building, Pittsburgh 19, Pennsylvania.





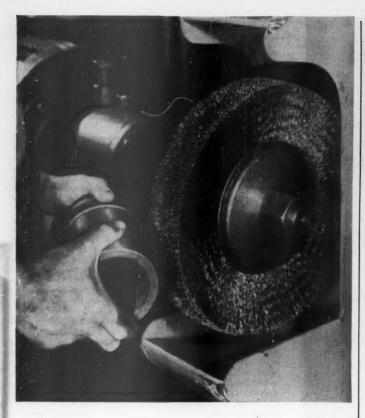


METAL COATING—spraying molten aluminum on cast aluminum aircraft cylinder heads to give added protection from sea water corrosion. Aluminum may be applied in this manner to other metals such as iron, steel and copper.

#### THESE ALCOA SALES OFFICES WILL HELP YOU

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DAYTON 2, OHIO DENVER 2, COLO			503 Kahl Building
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INDIANAPOLIS 4, IND.			7 Merchants Bank Building
JACKSON, MICH.		. 1	203 National Bank Building
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JACKSON, MICH.  KANSAS CITY 6, MO.  LOS ANGELES 14, CALIF.  LOUISVILLE 2, KY.  MIAMI 32, FLA.	•		1154 Starks Building
MIAMI 32. FLA.	•	160	5 Alfred I. du Pont Building
MILWAUKEE 2 WIS	•		735 North Water Street
MILWAUKEE 2, WIS MINNEAPOLIS 2, MINN		1060	Northwestern Bank Building
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PEORIA 1, ILL 415	·c.		cial National Bank Building
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PHILADELPHIA 9, PA PITTSBURGH 22, PA PONTIAC 15, MICH			2012 Oliver Building
PONTIAC 15 MICH		201	Posting State Bank Building
PROVIDENCE 2 P I	*	301	Tonnac State Bank Suilding
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ROCHESTER 4, N. Y	120		12 Southern States Building
ET LOUIS & MO	13.	31 Line	oin Alliance Bank Building
ST. LOUIS 8, MO		TOTA	Floor, Commental Building
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SEATTLE I, WASH		. 14	11 Fourth Avenue Building
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ANODIZING—depositing an oxide film of controlled thickness on a polished aluminum sheet to be used for lighting reflectors. This tough, integral film gives extra resistance to corrosion and abrasion.



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... Your OBA! Here's a man with experience in saving man-hours.

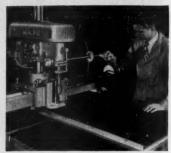
Your Osborn Brushing Analyst is continually working on problems of product cleaning, finishing, polishing and deburring . . . finding answers with power brushing that guide him in helping you.

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#### **NEW PRODUCTS**



#### **Bullseye Drilling**

Hitting the bullseye is no cinch—even in drilling operations. That's why Wales-Strippit Corp. has developed a unit that makes it easier to do highly accurate drilling and reaming jobs. The company claims it's especially good for use on tools, such as jigs and fixtures, handles material of almost any length up to 36 in. wide.

The workpiece, supported on the unit's full-size table, moves under the drill head on a long slide rail. The drill head moves on another rail at right angles to the first. Hand wheels control both slide-rail and drill-head movement. Built-in scales along the slide rails give you the setting for rough positioning to within do in. To "zero in" to the exact position, you use a watch-dial indicator that gives location to 1/10,000 in. Air clamps lock both the drill-head assembly and the slide rail into place.

There are two speeds for slide-rail movement: rapid travel for rough settings, slow speed for "zeroing in." Ball roller inserts located all over the table cut friction, make it easier to maneuver the workpiece.

• Source: Wales-Strippit Corp., N. Tonawanda, N. Y.

• Price: About \$9,000.

#### It Heats, Cools, Dries

Herbster Products Co.'s combination unit heats or air-conditions your house, dries your laundry, even dries your hair. The whole works takes up little more space than a kitchen stove.

Air enters the furnace through a built-in filter and is sucked into a squir-rel-cage fan. It's blown across the heated surfaces of a special heat exchanger. From there it travels to either the drier, which is built into the top of the unit, or to the heating ducts that lead to room outlets.

To run the unit, you use regular thermostatic controls in the living quarters of the house. A dial on the cabinet controls a damper arrangement, sets hot air flow. During the winter, 50% of

#### **PUBLIC WORKS**

an informative advertisement of interest to city and community planners

# Why this city selected "Century" Asbestos-Cement Pipe for its water mains

When water department officials in a large southwestern city found they had to replace some sections of mains after only six years' service, they took steps to make sure the replacement pipe would turn in a better performance.

Special Test Installations were made with "Century" Asbestos-Cement Pipe. These tests proved: "Century" Pipe is not affected by an excessively corrosive soil condition—one of the causes of the original pipe's failure.

Furthermore, it was proved again that "Century" Pipe maintains its uniformly smooth interior surface indefinitely—is immune to any tuberculating action which could reduce the inside diameter and the flow of water. As a result of these tests, many thousands of feet of "Century" Pipe have been laid under the streets of this city and its suburbs.

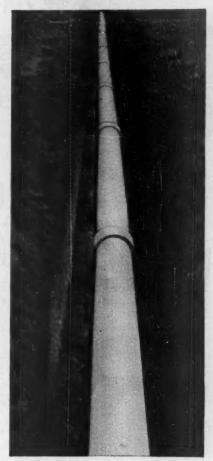
For Planners: If you are a member of a community council or committee deciding on the type of pipe to buy for a new water main or for an extension to your present system, be sure to consider these and the other advantages of "Century" Pipe. It is a modern type of main—made of two practically indestructible materials, asbestos fibers and portland cement. Hundreds of communities the country over have already taken advantage of its cost-saving features—features which reduce initial costs and effect savings in cost of operation.

FREE BOOKLET, "Mains Without Maintenance," gives complete information on "Century" Asbestos-Cement Pipe. Write for it.

Nature made Asbeslos... Keasbey & Mattison has made it serve mankind since 1873

KEASBEY & MATTISON





"CENTURY" SIMPLEX COUPLINGS make It easy to lay straight runs like this, or curves up to 5° deflection per pipe length.

#### FOR INDUSTRIAL PLANTS ...

The light-weight, strength, and corrosion-resistance of "Century" Pipe make it suitable for many outside applications in the industrial field. In the Petroleum field, for instance, it has been used to convey corrosive crude; as salt water disposal lines; as gathering lines for "sour oil." For specific information on possibilities in your field, write us outlining your problem.





More and more cost-minded manufacturers -the country over-are saving with Generalift Pallet Boxes. These versatile containers sharply reduce costs wherever materials are handled or stored. Remember, Generalift Pallet Boxes and fork-lift truck do the work of many employees. And remember also to write us for complete information. Why not do it NOW?

WE WILL MAIL FREE COPY OF "THE GENERAL BOX"

This colorful booklet illustrates and describes the many advantages of the Generalift Pallet Box. We will be glad to mail upon request.



BOX COMPANY GENERAL OFFICES:







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ALL TYPES OF











the flow heats the house, the rest goes to the drier; in summer and spring the ratios are 0%-100% and 25%-75%, respectively. The air-conditioning operation brings cooler air from the basement to the rest of the house.

Using natural gas, heating and drying costs about \$50 a season in a sevenroom house, according to Herbster.

• Source: Herbster Products Co., 5309 Euclid Ave., Cleveland, Ohio.

· Price: \$495.

#### Pilot Drill Fits the Screw

There's another twist in the twistdrill picture. D. R. Carner Co., Inc., has a combination tool, called Screw-Mate, that's specially shaped to match a corresponding size wood screw. With these contours, a Screw-Mate can drill a tapered pilot hole, provide shank clearance, and countersink-all in one operation. It fits any drill-gun, hand drill, or drill press.

If you drill a straight-sided pilot hole, only a part of the screw threads do the holding job. With a tapered hole, even the first threads do their share of the holding. Carner claims that with a Screw-Mate you can't drill a hole that's too shallow or deep; the drill shoulder stops it at just the proper depth. To get a snug fit and prevent dry rot, the drill makes a hole that is slightly smaller than the body of the

· Source: D. R. Carner Co., Inc., 106 Hospital St., Providence, R. I.

• Price: 75¢ and \$1.00.

#### Drier for Dank Storage

Dank rooms and dripping pipes can be "torture" for goods as well as people. Materials stored in moist cellars, closets, storage rooms, or dark-rooms suffer warping, corrosion, and mildewing. To keep such rooms usable, you have to lower the humidity. Abbeon Supply Co. says it has a small, portable unit that does this.

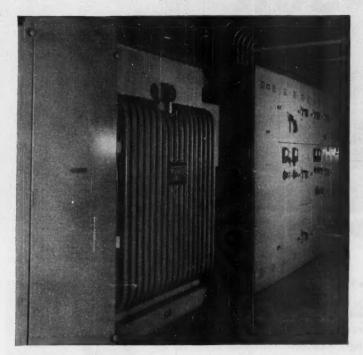
Abbeon's 55-lb. dehumidifier, Model DMS 4, handles any closed area of tight construction up to 8,000 cu. ft. Plug it in, and it works somewhat like a refrigerator. A fan in the dehumidi-fier draws in the moisture-soaked air. Passing over cold coils, the air deposits its moisture-just as beads form on a cold-water pitcher on a hot day. Abbeon says you don't have to empty the pans periodically by hand. A hose or pipe attached to the unit will automatically discharge the moisture through a floor drain, window, or sewer.

The unit lowers humidity to 45% to 50%-low enough to preserve papers, microfilms, seeds, and the like.

· Source: Abbeon Supply Co., 58-10 41st Drive, Woodside, New York City. · Price: \$149.50.

## Milwaukee Plant gets D.C. Power

AT \$5,000 ANNUAL SAVING





More than two years of trouble-free 24-hour-a-day operation have proved the advantages of the G-E Ignitron Rectifier installed at the Milwaukee Lace Paper Company.

Compared with the old steam-driven generators previously used, the G-E Ignitron Rectifier shows a saving in operating cost of \$5,000 annually. Stationary engineers are no longer necessary in the company's production of d-c power, can now attend to other plant operations. The G-E Ignitron Rectifier operates 24 hours a day, 7 days a week, with minimum attention. In addition, it gives a steadier, constant voltage over the entire load range, and higher short-time overload capacity.

Supplied as a complete packaged unit with transformer and metal-enclosed switchgear, the installation occupies minimum space.

Call or write your nearest G-E sales office for information on a G-E Ignitron Rectifier to fit your d-c power needs. Apparatus Department, General Electric Company, Schenectady 5, N. Y.



This photograph shows the simple, compact design of the G-E Ignitron Rectifier. No major moving parts to wear out or require attention. No vacuum pump is required. Result is the lowest possible operating cost for producing d-c power.

GENERAL (%) ELECTRIC

# You can't see the JOHNSON

Sleeve Bearings -



...found Johnson Bronze a dependable and cooperative source of supply for all types of Sleeve Bearings. Available from stock or made to precise specifications.



#### **NEW PRODUCTS BRIEFS**

No pilot light is needed in gas-range ovens when you use an electric ignition system for lighting. A constant voltage transformer from Sola Electric Co., Chicago, is the key to the system (used in ranges by Geo. D. Roper Corp., Rockford, Ill.).

An electric pointer for use with slide or movie-illustrated talks weighs only 8 oz. Lay it down, and the light goes off automatically; pick it up, the light goes on ready for use. The manufacturer is Perfect Pointer Co., 760 Tuckahoe Rd., Tuckahoe, N. Y. Price: \$20.

A polyethylene dispensing bottle has a well at the top so you can draw off controlled amounts of liquid. Plax Corp., Hartford, Conn., fits the well into the neck of the bottle-like a bottle within a bottle. You can use it to measure exact quantities of pharmaceuticals, food flavors, chemicals, and the like.

Ear stoppers called Midget Muff resemble earmuffs, make it easy to be sure workers have on protecting devices. Held by a spring-type headband, the stopper is an inflated rubber cone filled with sound-absorbent material. Surgical Mechanical Research, 1901-5 Beverly Blvd., Los Angeles, is the maker.



#### Fizzy to the Last Drop

Press the plunger in the hollow tube of this gadget, and the cap goes back on the bottle—just as it was. Called Cappy, it opens a bottle without damaging the cap. The maker, Mayfair Mfg. Co., 20 N. Wacker Drive, Chicago, says it can open and reseal a bottle any number of times, can be used as an ice cracker, too. Cappy retails for 98¢.

# 2 cents saved every time she presses the button

Above ... you see the latest thing in library practice—photographic book charging. Another example of the way Recordak microfilming is cutting costs in 65 different types of business . . . thousands of concerns.

Now... library clerks can complete the record-keeping necessary for each "outgoing" book in just 17 seconds. Here's the simplified routine—two and a half times faster than the old, pencil-wielding, rubber-stamping method:

The borrower's card, the book card, and a pre-dated and pre-numbered date-due card are placed in the Recordak Junior Microfilmer. Then, a button is pushed—the library gets a photographically accurate and complete record... and the borrower is on his way with the three cards tucked in the book "pocket." When books are returned, the borrower keeps his card; the date-due card is filed in sequence; and the book card remains in place—eliminating the tedious "slipping" operation which existed before when libraries removed book cards at the outgoing desk.

Checking "overdue" books is easier, too: missing serial numbers are noted in the date-due card file . . . then the corresponding film records are reviewed—greatly enlarged on the reading screen of the microfilmer.

This, briefly, is the simplified operation. And, as leading libraries figure it, the cost of handling each book—from start to finish—is cut from five cents to three. Two cents saved every time a clerk presses the button and takes a picture!

Because record-keeping is a vital part of your business, too, you should look into Recordak microfilming. The chances are you'll see ways to simplify routines—even eliminate some. And along with this you'll get savings up to 99% in filing space... and greater protection in the form of photographically accurate and complete film records.

Costs are surprisingly low—imagine being able to record 7,000 letter-size documents on \$3.63 worth of film, including processing.

Write today for a free copy of "50 Billion Records Can't Be Wrong," which tells the whole story. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N.Y. "Recordak" is a trade-mark



(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to business systems

#### HOW **Autopoint** PAY BIG DIVIDENDS

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These are the pencils that write big business. As busimore business. As business gifts, they will book more business for you more often—pay you big dividends over and over again in new sales, repeat orders! These are the famous pencils that give trouble-free, easier writing, because they have the "Grip-Tite" tips that won't let leads wobble, turn or fall out.

With your name or slo-gan imprinted, "Autopoint" pencils are good will build-ers...dependable salesmen with no time limit on their working hours. In beautiful styles and finishes, they are priced to fit your budget Send coupon for catalog and quantity prices.



#### INSTANT ACTION "AUTOPOINT" INDEX

A marvelous gift your best customers and potential big business prospects will appreciate. Alphabetical in-dex flips back to page on which to enter phone num-bers, data, etc. Extra supply of memo sheets in base. Handsomely finished in walnut or black. The answer to "How to keep prospects reminded." Mail

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Name					**													
Company	Name.															*		

Street Address..... City......Zone...State.....

#### ENTERTAINMENT



STARLIGHT THEATRE realizes Kansas City's 25-year-old dream.

#### City Goes Into Show Business

Local businessmen bankroll a 10-week season of outdoor performances hoping to attract tourists. Curtain goes up this month in \$1.5-million theater built by the city.

Kansas City, Mo., is putting up a lot of money to induce the home folkand tourists-to spend an evening under the stars at the city's Swope Park.

Celestial bodies won't be the main attraction, though. Businessmen and firms-725 strong-are backing a giant summer promotion, the Starlight Theatre. During its 10-week season, the theater will present 10 tried-and-trusty musicals, operettas, and extravaganzas.

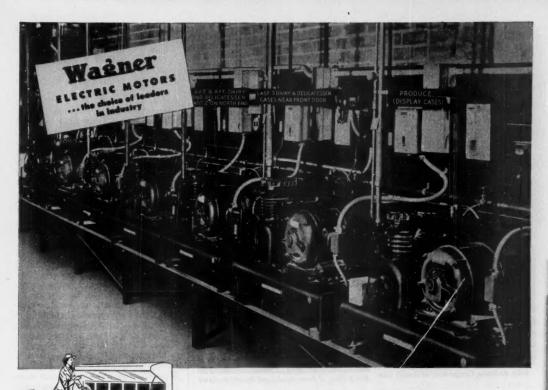
• Bid for Tourist Trade—Hard-headed Kansas City businessmen are convinced that a dash of culture can add a lot to the city's coffers. Travel agents and transportation companies now have a reason for routing summer tourists to

and through Kansas City. And every tourist is money in the bank.

Travel people estimate that the average visitor spends from \$20 to \$30 daily while in town. In its 10 weeks of operation, the Starlight can bring in more than 100,000 visitors. Multiply that by the \$20 daily minimum, and

look what you get.

• City Owns Theater—The theater itself is the property of the city, which has spent most of the \$1.5-million required to complete it. For \$1 plus other considerations, the city leases the theater to a nonprofit group, the Starlight Theatre Assn., which is bankrolling the season. The association has a



### Ever look behind the scenes in a modern supermarket?

One of the newest wrinkles of modern food merchandising is the open refrigerated frozen food case that puts tempting arrays of meats, dairy products, frozen foods and refrigerated produce within easy reach of shoppers. Customers get faster self-service . . . foods stay frozen hard . . . yet the cold stays down in the case. Behind this amazing feat of merchandising are motor-driven condensing units that supply refrigeration for each case.

The "behind the scenes" photograph above, shows a typical

installation of condensing units manufactured by Hussmann Refrigerator Company. These units are equipped with Wagner Motors.

Wagner motors are the first choice of many manufacturers of refrigeration equipment because they give the kind of long troublefree service that builds customer satisfaction, and because Wagner's nationwide service facilities mean quick service—when and where it's needed.

Wagner engineers are qualified to specify the correct motor for your

needs. Consult the nearest of our 31 branch offices, or write us.

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ELECTRIC MOTORS + TRANSFORMERS
INDUSTRIAL BRAKES
AUTOMOTIVE BRAKE SYSTEMS — AIR AND HYDRAULIC





#### Detroit Dam, To Be 450 Ft. High, Uses 700 Tons of Frick Refrigeration

On this great project, now being erected in Oregon, ALL ingredients of the concrete, including the stone and sand, are being cooled to about 45 degrees F. before the

mix is poured. Seven large Frick ammonia compressors handle the cooling load. Installation by Lewis Refrigeration and Supply Company, Frick Sales-Representatives at Seattle. Let us quote on the special equipment YOU need.



Frick Ammonia Compressors at Detroit Dam

Also Ballders of Power Farming and Seventil Machiner

HOW TO SAVE

Monthly statements, form letters, bulletins, advertising literature, or whatever . . . you have to fold 'em before you mail 'em. Do it the modern way . . automatically . . with a Davidson. Save time . . . save money . . mail promptly . . . avoid upset office routine. Any girl can operate a Davidson. Adjustments are few and simple. It handles light and heavy papers . . makes a variety of parallel folds. And it will quickly pay for itself even though you use it but once a month. Want details? Write for our "fact book" on office folding.



DAVIDSON CORPORATION
A SUBSIDIARY OF
MERGENTHALER LINOTYPE COMPANY
1034-60 W. ADAMS ST., CHICAGO 7, ILL.

board of 127 directors, with most of the power vested in a committee of 30. • Long Planned—To Kansas City, it's the culmination of a quarter-century ambition.

The city's 100th birthday celebration in 1950 sparkplugged the whole business. With that impetus, the city fathers made use of \$500,000 in funds provided by a postwar bond issue, got the theater started in the fall of 1949. The Centennial Assn. scraped up another \$125,000, and managed to bring the theater along to the point where it could house the five-week Centennial pageant, Thrills of a Century. Other city funds have done the rest.

• Who's Who—President of the Starlight Theatre Assn. is John A. "June" Moore, real estate operator, who has been active in the project for a decade. As president of the Park Board in 1943, he backed a move to build a band shell in Swope Park—only to find that band concerts had been outmoded.

William M. Symon is business manager. As convention manager of the Chamber of Commerce, business manager of the Philharmonic Orchestra, and president of the Art Institute, Symon has fought the civic culture wars in Kansas City for 30 years.

Theater architect is Edward Buehler Delk, who has built mansions for Oklahoma oil kings, planned suburban shopping centers, and designed memorial towers and other public buildings.

• Castlelike Design—Before starting work, Delk visited every outdoor theater of consequence in America. As a result, most of the usual bugs were ironed out in the blueprint stage. Starlight has a castlelike design, which is supposed to fit the mood of its sylvan setting. Four-story pylons at the main gate serve as lighting towers and light bridge. Delk used brick instead of stone, which sometimes reflects light so it can't be concentrated on the stage. The theater slope faces south, to get full advantage of the prevailing southwest breeze. Water fountains were omitted—they seem to spray the audience or orchestra on breezy nights.

• The Professional Touch—The association raided the professional field for its production staff. It brought in Richard H. Berger—veteran of Broadway, Hollywood, radio, and TV—as production director. For scenic designer, Berger signed up Albert Johnson, with Broadway shows such as Three's a Crowd, The Band Wagon, and AsThousands Cheer, to his credit.

This staff and their crews are now on the spot working on Desert Song, which will ring up the season's curtain on Monday, June 25. Author-composer Sigmund Romberg will be on hand to lead the opening-night orchestra. Each week thereafter, a new production will open. The schedule: Rio Rita, Song



NEARLY EVERYBODY loves a chorine and Kansas City will get an eyeful during the theater's 10-week season.

of Norway, Roberta, Rose Marie, The Chocolate Soldier, Brigadoon, Bitterswect, Babes in Toyland, and Naughty Marietta.

Popular names from the musical world and outdoor theaters will play the leading roles—including Victoria Sherry, Brian Sullivan, Buster West, Lucille Page, Tim Herbert, Don Saxon, and Betty Bartley.

• No Financial Problems In Sight— Unlike a Broadway show, backers of the theater won't divvy up the profits. Main Street angels are putting up \$100,000 to get the Starlight started; and they're on call for another \$100,000 if needed. However, advance ticket sales already are nearing the \$200,000 mark, so it looks as though the backers can sit back on their \$100,000 laurels.

The Starlight will require about \$400,000 to break even on its 10-play season. It could gross about twice that amount if each performance played to the 7,600-seat capacity. A season averaging 60% in attendance will be considered successful.

The angels are pretty sure of getting their money back, but they can't keep it. They endorse the check and return it to guarantee the second season.

• Family Entertainment Is Goal—Actually, the backers claim that both eyes aren't trained on box-office receipts. Their goal is family entertainment, and admission prices are geared to that. Top price is \$3.60, with the bulk of seats ranging from 65¢ to \$2, and 400 free seats are on a first-come, first-served basis.

The association wanted to be sure that no one person will try to run the show, so it limited angel wingspread by refusing contributions over \$5,000.



#### Got a wait on your mind?

MARKING TIME while an overloaded office force ferrets out vital figures can leave its mark on a man's entire business career.

Too many Important Persons never become Very Important Persons because they don't get reports early enough to make quick, sound decisions. Or because the figures they get aren't complete. Or accurate.

Any man can work more efficiently—and so can his whole office force—when McBee Keysort cards and machines are furnishing figures in time and in toto.

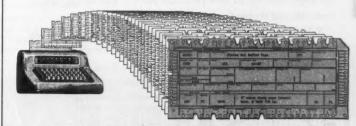
Flexible and economical, Keysort provides management with running controls on every phase of operation. And because any girl in the office can operate the Keysort system without special training, your records are handled by people who know your

business. What's more, Keysort's flexibility lets the girls double up on rush jobs. There are no specially trained machine operators to sit idly by betweentimes.

With your present personnel, without costly installations, Keysort cards and machines supply you with accurate and useful management controls at less cost than any other system. When notched, the precoded holes along the edges of each Keysort card make it easy to collect a wealth of data ... classify it ... summarize it ... file it ... find it ... use it ... quickly and accurately.

That's why McBee sales have multiplied sevenfold in just a few years.

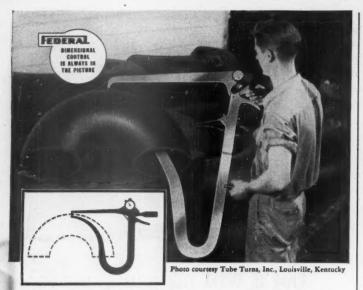
There's a trained McBee representative near you. Ask him to tell you frankly whether or not McBee can help you. Or write us.



#### THE McBEE COMPANY

Sole Manufacturer of Keysort, The Marginally Punched Card 295 Madison Avenue, New York 17, N. Y. Offices in principal cities The McBee Company, Ltd., 11 Bermondsey Road, Toronto 13, Ont., Can.





#### Fingers of Steel Show the Thickness

Another industry served by Federal Gages

This long-fingered Federal Caliper Gage reaches into the pipe fitting and shows on the Dial Indicator exactly what the wall thickness is. It's one of the simplest Gages we make (we make them for internal dimensions, too) — yet you can easily understand how important it is to this prominent manufacturer of welding fittings. No fittings leave the plant that can't pass the wall thickness test... that can't prove their worth by this or other Federal Caliper Gages.

Many are the companies which use Federal Gages as their final authority on dimensional quality. Products made of all types of materials — plastics, metals, paper, glass, rubber, fabrics — are gaged for dimensional accuracy on Federal Indicating-Type Gages. Some jobs are handled by our stock, catalog Gages. Others require special handling — a new twist in gage design or construction that makes the gage right for its own particular job . . . easy to use, easy to read, fast, and above all economical.

Take advantage of our experience gained in designing and building over 20,000 different gages. If dimensional control is your problem, consult Federal first. It's the natural — the wise thing to do. Federal Products Corporation, 126 Eddy St., Providence 1, R. I.



#### READERS REPORT

#### Approach Approved

Sirs:

During the last few years the American businessman has come to recognize, as never before, that the schools need him personally, as well as financially, on their side. Therefore your fine comprehending article about education [BW—May12'51,p114] gave me real pleasure. I thought it reflected a good healthy outlook about education, which has been taking hold of American businessmen everywhere.

Such articles help greatly to harmonize the viewpoint of the businessman and educator, to the very great advantage of all.

LEE M. THURSTON

PRESIDENT,
NATIONAL COUNCIL OF CHIEF STATE
SCHOOL OFFICERS,
WASHINGTON, D. C.

Sirs:

I read with particular interest the education article on Public Schools Crowd Up But Teach Kids Better. This is simply to register my admiration for an important job excellently done. I was particularly pleased to find so fair and constructive an approach both to the problems faced by the public schools and to the great achievements made in providing better education along new and improved lines.

FRED M. HECHINGER

EDUCATION EDITOR, NEW YORK HERALD TRIBUNE

#### New Tack for Tax Cuts

Sirs

I am writing you because of my grave concern over the constant expansion of our federal budget and my strong conviction of the approach that must be taken before it is reduced.

For more than 20 years now, we have all followed the practice of screaming about the other fellows' portion of the budget. I think that our 20-year experience should be sufficient to prove to us that we aren't going to get the budget reduced by yelling about the other fellows' benefits. BUSINESS WEEK represents a powerful voice among the industrial and financial leaders of America. It is they who need to take the line that will make it unpopular to accept direct or indirect benefits from our federal government.

Why don't you start off by analyzing the federal budget and publishing a list of the many items in it that benefit industrial and financial leaders. Let's forget for the moment what Agriculture and Labor get, and instead suggest



#### knowledge will save you money and give you better protection

This man is your local U.S.F.&G. agent. He has spent years in study and practice to thoroughly understand all forms of insurance protection.

Proper insurance protection is vital to you and your business. It requires capable, professional counsel.

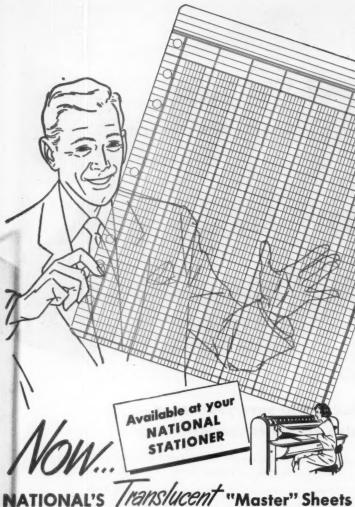
For instance, there are over 22 different policies for burglary protection alone. Do you know the policy that provides the exact protection you need? This man . . . your local U.S.F.&G. agent . . . knows! His advice is free. Consult him today.

To get the name of your nearest U.S.F. & G. agent or for claim service in an emergency, call Western Union by number and ask for Operator 25.



CONSULT YOUR INSURANCE AGENT OR BROKER AS YOU WOULD YOUR DOCTOR OR LAWYER

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MAKERS OF STOCK ACCOUNTING FORMS AND EQUIPMENT-LOOSE LEAF, BOUND BOOK AND VISIBLE

that industrial and financial leaders set an example for others to follow.

R. A. CHILDERS

PRESIDENT, CHILDERS MFG. CO., HOUSTON, TEX.

#### Hybrid Nail

Your excellent article on nails [BW May5'51,p46] is somewhat misleading in its reference to threaded nails produced by Independent Nail & Packing Co.

More than 20 years ago, we undertook the development of methods and machines to make threaded nails, in quantity, at prices comparable to or-dinary nails. We placed on the market the first line of low-priced threaded

Our first contribution was the application of mass-production methods to fastenings that could not otherwise

be made available to the general public. The present general acceptance of threaded fastenings in heavy-duty applications-bridges, boats, etc.-is largely the result of research and development by Independent Nail & Packing Co., and our continued research program in conjunction with Dr. E. George Stern of Virginia Polytechnic Institute is contributing greatly to solving the general problem of cheaper fasteners for better holding power.

G. C. STONE

PRESIDENT AND SALES MANAGER, INDEPENDENT NAIL & PACKING CO., BRIDGEWATER, MASS.

#### Regulation Errors

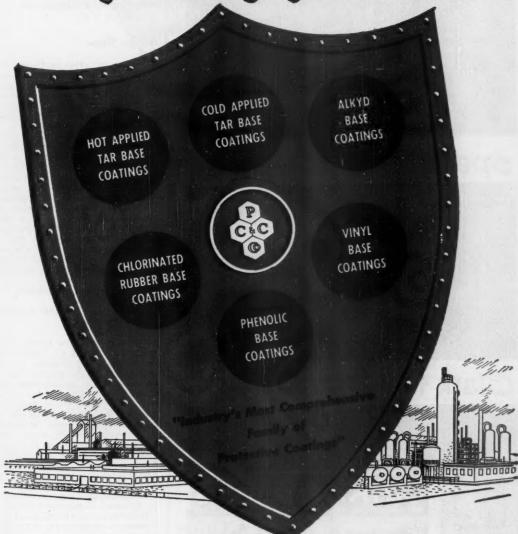
Our attention has been called to certain errors that appear in the May 26 issue of BUSINESS WEEK.

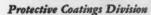
On page 60 you indicate that steel in ingot form is covered by Ceiling Price Regulation 22 and that nonferrous metals, primary and scrap, are also covered by that regulation.

This is to advise you that steel ingots are a cast metal and are excluded from Ceiling Price Regulation 22 by virtue of paragraph (W) of Appendix A. Primary nonferrous metals are excluded from the regulation by virtue of paragraph (R), and nonferrous scrap is excluded by virtue of paragraph (S) of the

appendix. Ceiling prices for steel ingots are established by voluntary agreement entered into by producers on Jan. 15, 1951, and ceiling prices for primary nonferrous metals are established by the General Ceiling Price Regulation. Ceiling prices for nickel scrap metals are established by Ceiling Price Regulation 29 and for zinc scrap metals by Ceiling Price Regulation 43. All other nonfer-

# PITT CHEM Protective Coatings Safeguard Industry Against Corrosion



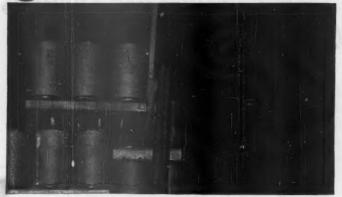




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#### Cash in on overhead-



#### space, that is — with



#### Clark fork-lift trucks!





For valuable tips on making savings through safety, send for a capy of Clark's newest booklet, "Safety Saves."

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INDUSTRIAL TRICK BYISION • SLARK EQUIPMENT COMPANY • BATTLE CREEK 42, MICHIGA Please send me a copy of your new booklet, "Safety Saves." Name

Firm Name\_

Street\_\_\_\_\_\_

AUTHORIZED CLARK INDUSTRIAL TRUCK PARTS AND SERVICE STATIONS IN STRATEGIC LOCATIONS

rous scrap metals are covered by General Ceiling Price Regulation.

An appropriate correction of these errors would be very helpful to us; and we will appreciate your cooperation in this respect.

F. STEWART STRANAHAN

DIVISION COUNCIL,
INDUSTRIAL MATERIALS &
MANUFACTURED FOODS DIVISION,
OFFICE OF PRICE STABILIZATION,
WASHINGTON, D. C.

#### Not for Show

Sirs:

Your recent article on General Petroleum's Mobilgas Economy Run [BW—Apr.28'51,p87] stated in part: "The AAA contest board selected the competing cars from showrooms, warehouses, and delivery trucks to make certain they were stock cars."

Consumer Reports [May'51,p201], commenting on the same Mobilgas Economy Run, says: "The cars in the contest are tuned specifically for the event, not for everyday use. Furthermore, the definition of a 'stock' model seems to be pretty elastic. The winning Lincoln was fitted with overdrive on an axle ratio of 3.31 to 1 . . . a ratio eminently unsatisfactory for all-around use. The Packard 200 that won in its class used overdrive plus a 3.54 axle . . plus a high compression cylinder head normally fitted only to the Ultramatic model."

Would you care to comment further?

EARL F. CHEIT

MINNEAPOLIS, MINN.

• BUSINESS WEEK'S Los Angeles correspondent gives both the Lincoln and Packard a clean bill of health. Cars in the Economy Run are permitted to use any rear axle ratio or equipment, such as overdrive, that is stock, listed in the manuals, and is available to the public. AAA officials check all automobiles to see that equipment is stock. If manuals are not available on the model, AAA accepts an affidavit from the chief engincer of the automobile manufacturer. As a final concession to stock status, the AAA uses ballast to bring the weight of driver and passengers up to 750 lb.

As optional equipment for overdrive, the Lincoln 3.31 axle was legitimate.

It is quite suitable for all-around performance. It would have to be to negotiate the Economy Run course, which is designed to duplicate every type of driving and road condition the average motorist would encounter in a year. The axle was taken from warehouse stock in Los Angeles. The 3.54 axle and high compression head used on the Packard 200 are also legitimate, since they are available as optional equipment.



Want to dunk
a motor
without drowning it?

## JACK& HEINTZ does it!



full line of fractional horsepower, capacitor-start and induction motors. These provide the bases for specialpurpose designs. Electrical and output characteristics, end bells, housings, shafts and switches can be varied to meet specific needs. By immersing this motor in oil, one-third more power is developed, and the capacity of our customer's specially-designed pump gains a sizable competitive advantage.

Since oil is unfriendly to ordinary motors, this one has unusual features—like oil-resistant insulation and special, corrosion-resistant switch contacts. We furnish stators, rotors and switches which must fit perfectly with parts made by our customer to ensure both a hermetic seal and dependable performance.

The engineering and production problems involved here are typical of those J&H tackles every day, in designing and building *Rotomotive* equipment for the military and for other industries.

When your problem involves compacting more power into less space and weight, or calls for special engineering and controls, remember . . . Jack & Heintz does it!

New Booklet on Rotomotive Equipment—A 24-page picture story that shows many reasons why we can help you solve unusual problems in defense production. Write, on your company letterhead, for free copy of "Jack & Heintz Does It." Address JACK & HEINTZ, Cleveland 1, Ohio.

# JACK & HEINTZ Rotomotive EQUIPMENT



means electrical, hydraulic or mechanical devices designed to solve unusual problems of developing power, controlling it, or using it

#### SMALL BUSINESS



1 Fisherman's paradise in north woods country of northern Michigan was picked for Station WBAY's angler's holiday.



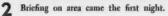
4 The trout were there, but this fisherman got only chubs and wood ticks for his five hours on the first day.

#### Fishing Spree-Spon



5 The lucky ones brought in their limit. Fishing started with the sun, went on as long as there was light to see.







3 Lake Gogebic had walleyes galore.

#### sored by Radio (STORY STARTS ON PAGE 72)



When angling stopped, tale-telling began around the supper tables and in the bar.



Scoreboard showed heaviest take in walleyes. Final total topped 300.



BUSINESS, SOCIAL, AND ADVERTISING PAPERS

In letter writing, change that old saying to this: "A penny extra for your thoughts." For you could be using the cheapest newsror you could be using the cheapest news-paper stock for stationery...you could switch to beautiful 100% cotton-fiber letterhead paper by Fox RIVER, with matching envelope, and your extra cost per letter would not be over 1¢!

Your business-getting mail is built on sentences that sell — words chosen carefully, words worth money. When they speak from the clear, white surface of cotton-fiber paper "by FOX RIVER," you give them every chance to pay. The average letter costs more than 75¢... what are you paying? Test Fox RIVER samples . . . ask your printer.

FOX RIVER PAPER CORPORATION 1328 S. Appleton St., Appleton, Wis.





A lot of things must happen to stiff, hairy steer hides before they can be made into shoes, suitcases, handbags, Western saddles.

One very important step is the removal of hair. This is quickly done with a chemical called sodium sulfhydrate, first produced in this country by Hooker. Today this useful chemical is used by tanners the country over.

Sodium sulfhydrate and its companion product, sodium sulfide, are also used in making chemicals, dyes, pharmaceuticals, and rayon, and in many specialized processes such as ore treatment.

Hooker chemicals help many manufacturers to prevent process headaches and to make better products, more profitably. Our experience in developing and supplying chemicals to many industries can be helpful in meeting your needs.

Send today for the booklet, "Story of Hooker Chemicals." It shows why Hooker modern research, fast-moving delivery service, and willing technical assistance should be in *your* production picture.

From the Salt of the Earth

HOOKER CHEMICALS

#### HOOKER ELECTROCHEMICAL COMPANY

21 FORTY-SEVENTH ST., NIAGARA FALLS, N. Y.
New York, N. Y. • Wilmington, Calif. • Tacoma, Wash.
CAUSTIC SODA • CHLORINE • MURIATIC ACID
and 100 other useful chemicals for industry



CLEANED CATCH went into freezers, became family breakfast on the weekend.

#### Fish, Gossip

One man stayed within 40 feet of his cabin door and caught 21 walleyes. Six men spent five hours hacking their way into an "unfished" lake and came out without a bite.

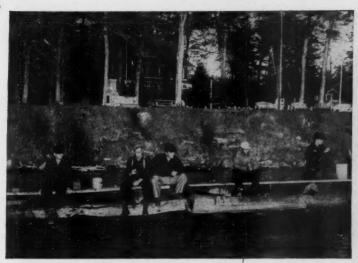
It was that kind of a contest. In three days, the 60-odd anglers from northern Wisconsin proved almost every fable written about fisherman's luck. The veteran brought in an empty creel; the youngster with a can of worms caught his limit.

Yet everybody won a prize.

• What Contest?—When Green Bay (Wis.) Station WBAY drew plans to stage its first annual fishing contest, it decided to make it a contest in name



HIERARCHY OF WBAY are manager Evans, director Rev. Matthew Beemster.



NORTHERN HOLIDAY, now a resort lodge, was built as hideaway by one-time lumber baron William Bonifas. It was the scene of Edna Ferber's novel, Come and Get It.

#### and Service Build WBAY

only. The idea was simply to promote goodwill. Goin' fishin'-with WBAY picking up the tab-was the prize.

From towns and villages in the Green Bay area, the station got newspapers, Izaak Walton Leagues, and conservation clubs to pick the men in the communities who had done the most in conservation work and outdoor service. To fete the 60-some nominees, WBAY took over Northern Holiday, a giant lodge on Lake Gogebic, in the northern peninsula of Michigan.

There was nothing formal about it. People just fished—for northerns, walleyes, trout, muskies, whatever they wanted. Eventually, everyone got a Champion Angler's Certificate, and WBAY a bill for about \$4,500.

• Value Received—"Mister, we bought an awful lot of goodwill," is the way Haydn Evans, general manager of WBAY feels about it. And goodwill and promotion are now standard parts of the WBAY formula—a formula that has built it from a \$900 loser in 1939 to an \$80,000 profitmaker in 1950.

WBAY is one of a handful of commercial stations owned and operated by the Roman Catholic Church. It belongs to the Order of St. Norbert and is directed by the fathers who run St. Norbert College at West DePere, Wis. Set up in 1922, the station broadcast on



GOOD MORNING, LADIES, what's new? Phone is backbone of station's Party Line show. Calls come in so heavily it's often 20 min. before first commercial.



#### American Insurance "SHEPHERDS" a Wool Crop in AUSTRALIA



WHEN IT'S round-up time in Australia, and the sheep are ready for the shears, a woolbuyer's investment stands at the crossroads . . .

Ahead lie many processes, many hazards, before fleece meets mill-washing, drying, clipping, classing, packing, transporting. Danger of damage or destruction attends every step. The need for protection against loss is great.

American Foreign Insurance Association provides it through its member companies—not only in Australia, but in the Argentine, and elsewhere-covering the fleece from the time the flock

is gathered, until the wool crop is safely delivered.

This is but a single example of AFIA protection in action. Americans with scores of different enterprises abroad rely on AFIA to bulwark their foreign properties and investments with solid insurance. AFIA's decadeslong concentration on the foreign field enables it to service that coverage with singular skill and dispatch.

Why not put all the extra advantages of AFIA handling behind the protection of your property or interests abroad? Ask your agent or broker about AFIA—TODAY!



#### MERICAN FOREIGN SURANCE ASSOCIATION

CHICAGO OFFICE . . . Insurance Exchange Building, 175 West Jackson Bivd., Chicago 4, Illinois SAN FRANCISCO OFFICE . . . Mills Building, 220 Bush Street, San Francisco 4, California

SERVING THE WORLD-WIDE OPERATIONS OF ITS MEMBER COMPANIES, AND THEIR ASSUREDS an experimental basis for three years, cracked the commercial field in 1925.

• Slow Start-It cracked it-but not

noticeably. All through the 20's and 30's, the station ran consistently in the red. It wasn't until 1940 that the profit-and-loss statement began to show any signs of health.

The prescription that did it was a complete change of staff and policy. In 1939 Haydn Evans, an ex-Variety salesman and later commercial manager of a South Dakota station, came on as general manager of WBAY. Evans, who was the originator of the Pot o' Gold program, doubled station overhead in his first six months. But his shakeups in staff and programming began to pay off

almost immediately.

• Everybody Talks—"In a way, our competition is the family telephone," Evans says today. "We try to give people the same sort of information they get from calling up their friends. We use our 5,000 kw. to make one great big party line out of this whole Green Bay area."

A daily listener to WBAY probably drinks morning coffee to exactly that background-the station's own Party Line program. It's a show of telephone calls. People phone in with an old sofa to sell; someone needs a practical nurse; a dog is lost; a lady wants to know how to keep brown sugar from hardening. It all goes over the air.

Later there's a rundown of all the babies born the day before. When bad weather forces school closings, the listings go on the air at three different times. The Trading Post broadcasts free classified ads. What's for sale at auction? Once a week an auction calendar tells you.

· News-The news is handled in the same over-the-back-fence way. With 10 tapé recorders, there is a heavy amount of local on-the-spot coverage-something that none of the big stations that come into Green Bay could attempt.

Actually, the technique of all WBAY programming is to use as many live voices as possible. Instead of filling in with records around its network shows (the station is a CBS affiliate), it tries to create its own personalities.

 Service—Apart from broadcasting, WBAY finds other ways to serve the Green Bay area-and promote itself. It gives a St. Norbert scholarship every year to one boy in each of the three local high schools. A while back it sponsored an expedition to Alaska; schools and civic groups are still booking the films of the trip-free. A few months ago, when the school patrol needed raincoats, WBAY threw in \$1,000.

What about television? WBAY has its application in now. "If it comes, we'll use the same formula," Evans says. "The family phone will still be our competition."



In the "Cloud Club" aboard a Capital Constellation, painted especially for Capital Airlines by Ben Stabl.

#### Just a Meal and a Magazine away



You forget old fashioned ideas about distance when you fly Capital.

You relax in cushioned comfort amid congenial, club-like informality.

Distance dissolves delightfully . . . and all too soon, you're there!

By the map, many miles. By Capital, Just a Meal and a Magazine away.

Typical non-stop services . . . between

New York and Atlanta • Cleveland and New York Washington and Chicago • Detroit and Washington Chicago and Detroit • Pittsburgh and New York

Dependable service for 24 years . . . 450 flights daily serving 75 major cities

Capital AIRLINES



# How to keep a Diesel "excited" 3 times longer

It may surprise you to learn that the oil-burning engines of a Diesel locomotive don't turn the wheels. They're connected to generators that feed electric current to motors that actually drive the locomotive at smooth, high speeds. Right at the heart of these power-makers is a device known as the "exciter"—serving to set up the magnetic field needed to create "juice" from a generator.

Keeping their Diesels "Excited" was a problem for one railroad. They were using V-belts of conventional construction to drive the exciter. But high heat in the engine room and continuous high belt tension were more than ordinary belts could stand. They slipped, stretched, failed in only a few months. After two successive sets of these belts broke down, the railroad called in the G.T.M.—Goodyear Technical Man.

Careful study of the drive convinced the G.T.M. that it was a job for Goodyear's COMPASS-V-STEEL belts. So he recommended installing a matched set of these super-strong belts, with "muscles" of wiry steel cable in the load-carrying section that enable them to handle heavy loads and a notched body that helps dissipate heat.

Three years later, the first set of belts, installed as the G.T.M. had recommended, are still going strong. No slip, no stretch, no loss of operating efficiency. The efficient, economical operation of the first set of belts

quickly convinced the railroad that COMPASS-V-STEEL belts were the answer to their problem. Now all their Diesel locomotives deliver smooth, dependable service—thanks to the G.T.M.

If trouble-free power is what you're looking for, it will pay you to consult the G.T.M. He can choose the belt that's right for your drive—from the most complete line of V-belt constructions on the market. Write him c/o Goodyear, Akron 16, Ohio.

GOODFYE

THE GREATEST NAME IN RUBE





DRAWING OFF PLASMA from centrifuged blood. The plasma, which is in the upper part of the bottle, constitutes about 50 percent of the volume. The room in which

this operation takes place is carefully air conditioned to minimize bacterial growth. Suniso Oils assure troublefree performance of the air-conditioning equipment.

#### PLASMA PRODUCTION ASSURED BY SUN

Refrigeration—lots of it and never-failing—is vital in processing blood plasma. At Sharp & Dohme, world's largest producer, temperatures must be held at precise levels ranging from 40F in processing rooms to -4F for storage of the frozen plasma. To protect the costly compressors, assure continuous output and minimum organic change in the plasma,

this company relies on Suniso Refrigeration Oils. Thanks to Suniso, compressor operation has been trouble-free since the very start of production.

Dependable service like this has helped make Suniso Oils first choice of equipment manufacturers. For free booklet describing all grades of Suniso Refrigeration Oils, write Department BW-6.



"SHELLING" MACHINE rotates bottles of plasma in a dry-ice bath held at -94 F. Plasma freezes to the bottle walls, leaving hollow cores which speed the special dehydration process. The bottles are then stored for several hours at -4F. This is no challenge to Suniso Oils, the low-temperature grades of which operate satisfactorily below -120 F.



DRIED PLASMA, ready for shipment to hospitals and to the Armed Forces overseas, being removed from a dehydration chamber. Here a vacuum equal to an altitude of 40,000 feet removes the liquid portion from the frozen plasma. The finished product contains less than 1 percent of moisture, evidence of the efficiency of the Sun-lubricated high-vacuum pumps.



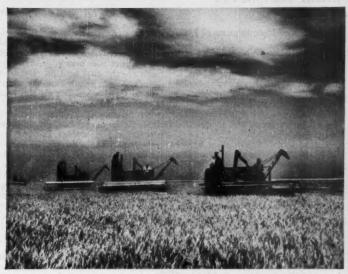
HIGH VACUUM PUMPS being tested for possible leaks by a technician. Radio-active material in a cylinder connected to the system detects the presence of acetone, which has previously been sprayed over a suspected area. Solnus Oils—"Job Proved" lubricants for this type of pump—have consistently matched the dependability of Suniso Oils in the compressors.

#### **SUN INDUSTRIAL PRODUCTS**

SUN DIL COMPANY, PHILADELPHIA 3, PA. . SUN DIL COMPANY, LTD., TORONTO AND MONTREAL



#### FIGURES OF THE WEEK



ON 60-MILLION ACRES, U.S. farmers are producing a vast and vital grain crop.

FOURTEENTH OF A SERIES

#### Wheat: The Edible Statistic

There's one major difference between what's covered in this week's Figure of the Week and all the others: You can —and undoubtedly do—eat it. It's wheat.

This year it will come from plants—the kind that grow—on about 60-million acres of farmland in 40 states. Most of it, though, comes from a belt running from Texas north through Kansas to the Canadian border and west to the coast. It will turn up on your table mainly as bread. But you'll also get wheat in spaghetti, cake, biscuits, pancakes, meat and fowl, and breakfast foods that snap and crackle or have been shot out of guns.

• Harvest to Mill—Wheat really comes into its own as a commodify after it is harvested, and it loses its identity when it finally is ground into flour (page 42) or mixed into animal feed. In the interim, it is trillions of beige to red grains measuring something like & in. long with a crease down one side, and with almost no distinctive taste at all—at least to an unschooled palate.

By the time the Romans got to passing it out between circuses, it had already been known to man for thousands of years. Selection of the best grain for seed for the following year's crop was already a well-established practice, too.

Today wheat is grown on every conti-

nent and in practically every country. The U.S. and Russia are far and away the top world producers, with annual output frequently in excess of 1-billion bu. each. China's annual production exceeds 800-million bu. Canada, France, Italy, Australia, Argentina, India, Pakistan, and Spain are other big producers—in that order. They all grow more than 100-million bu. a year.

• Fertilizer-Yield per acre is another story. The U.S. ranks relatively low. Our yield in 1949 ran just under 15 bu. per acre. At the other extreme, the Netherlands hit 61 bu. per acre. Great Britain averaged almost 41. The differences result from soil and weather conditions to some extent, but more often from the amount of fertilizer used. In the U.S. there's plenty of good, rich land available, so fertilizer use on wheat farms is practically zero. But in the rest of the world, where soil is ancient and land is scarcer than dinosaur teeth, an acre or hectare or joch or cho of land has to yield the maximum amount of grain.

of grain.

Wheat acreage in the U.S. is reckoned in terms of hundreds. No more than 5% of the total crop comes off farms under 100 acres. Nearly 75% of all wheat grown comes from farms 260 acres or larger, about 50% comes from 500-acre or larger farms, and more than







#### Commercial Service Manager **Praises Klixon Protection**

YORK, PA.: William G. MacBride, Com-mercial Service Manager of the York Corp., was quick to give credit to Klixon Protectors for reducing their service problems.

The application of a Klixon Inherent overheat Protector to the solenoid valve in our ice cube machine has unquestionably reduced our service problems on this equipment. Our ex-perience with Klixon Protectors on our hermetic refrigeration compressors has been outstandingly good, also. We think a lot of Klixon Protectors."



The Klixon Protector illustrated keeps motors in electrical appliances and other equipment from overheating and burning out. Look for equipment with Klixon Protected

SPENCER THERMOSTAT Div. of Metal & Controls Corp
2606 FOREST STREET
ATTLEBORD, MASS.

#### ". . . the farmer has two alternatives to selling his wheat outright . . . "

25% comes off farms in excess of 1.000

· Planting Time-Wheat divides into two kinds on the basis of planting dates: winter and spring. Winter wheat is planted in the fall, lies dormant during the winter, and then completes its growth and is harvested during the spring and summer. Spring wheat is planted in the spring and is harvested in late summer and fall.

Around 75%-or 730 million bu .- of 1950's crop was winter wheat. Prospects for 1951 are much lower-as of May 1, the Agriculture Dept. estimated production at 682-million bu. More recent reports are slightly more optimistic.

Winter wheat is grown principally in the Midwest, Southwest, Mountain States, and Pacific Northwest. Kansas is the top producer with 178-million bu. in 1950-more than 15% of the total wheat crop. Following Kansas were Nebraska, Washington, Ohio, Oklahoma, Colorado, Indiana, Michigan, Illinois, Montana, Missouri, and Texas -in that order-all with more than 20million bu.

The 1950 spring wheat crop amounted to more than 276-million bu. Nearly 120-million bu. came from North Dakota-which produces no winter wheat. Montana was second with almost 69-million bu. South Dakota, Idaho, Minnesota, and Washington also were big producers.

• County Elevator-The typical course of a bushel of wheat after it is harvested runs something like this: The farmer hauls it to the nearest country elevator and sells it to the elevator owner. The country elevator is a storage building equipped with weighing scales, bins, elevator, and facilities for loading the grain into railroad cars-or in some cases into boats or barges. The wheat is weighed and given preliminary grading tests, and the farmer receives the going price of the nearest cash market less freight to the market, commission charges, and handling costs.

· Price Support-In recent years, as a result of the government's price support program, the farmer has two alternatives to selling his wheat outright to the country-elevator operator. If he needs cash immediately, but doesn't think the market price is high enough, he can store his crop under supervision of Commodity Credit Corp., which will lend him a sum equal to 90% of parity (which now stands at \$2.40 a bu.). The stored wheat is the collateral, and the farmer must pay an annual rate of 3% on the loan.

The loan can run to the end of the

FIGURES OF THE WEEK starts on p. 79

crop year. Anytime during the period, he can sell the wheat on the market and repay the interest and principal. If the market price goes over 90% of parity, that's exactly what he'll do. But if it doesn't, he can simply turn the wheat over to CCC when it calls the loan

at the end of the period.

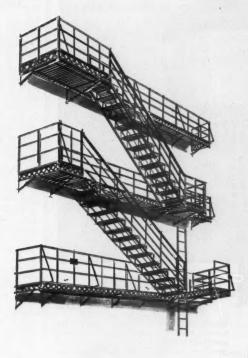
• No Advance—The other alternative allows the farmer substantially the same benefits, and he doesn't have to pay any interest. But in this case he doesn't get an advance. It works this way: He stores the grain and negotiates a pur-chase contract with CCC. The contract provides that at the end of the crop vear CCC will buy the grain at 90% of parity. Anytime the market price goes over that support price, he can cancel the contract and sell the wheat. But if wheat prices stay down, he simply sells the wheat to CCC.

In any case the farmer is out of the picture when the grain is sold. If an elevator owner buys it, he in turn can get rid of it in several ways. He can sell it to local users; or he can sell it directly to distant millers, processors, or feed manufacturers. But chances are he will ship it by rail-or water-to a terminal market.

The major market for spring wheat is the Minneapolis Grain Exchange. For winter wheat it's the Kansas City Board of Trade. Other cash grain markets are in Chicago, St. Louis, Peoria, Omaha, Toledo, and many other cities.

· Inspection-Wherever the grain goes, the procedure is pretty much the same. When the country-elevator operator ships it to market, he gets a bill of lading from the shipping railroad. When the car gets to the market city, it is placed on a special track in the railroad yard. State grain inspectors come in to take samples of the wheat with special probes that remove grain from various levels of the car. Before it is graded it is classed as winter or spring wheat and as a particular subclass, such as Dark Hard Winter or Red Durum (spring wheat used largely for spaghetti and macaroni).

The factors that make up a given grade of wheat are set by the U.S. Dept. of Agriculture, which oversees grading tests in all grain exchanges. These factors include: (1) weight per bu.; (2) percent of heat-damaged kernels as well as the percent of damage from all causes; (3) percent of all foreign matter and percent of foreign matter except other grains; and (4) percent of wheat of other classes. Inspectors also check for weevils or other insects, garlic, ergot, as well as dockage-the



#### But is there one for your business records?

Today, it's more important than ever before to make sure there is a "fire escape" for basic and original business records.

For it's a matter of *national* as well as individual concern, today, that you stay in business. 43 out of 100 firms whose records are destroyed *never reopen*.

That's why more and more of these records are being transferred to Mosler "A" Label

Safes. They provide the world's best protection against intense heat and crashing impact.

Bankers the world over will tell you: The name Mosler means protection.

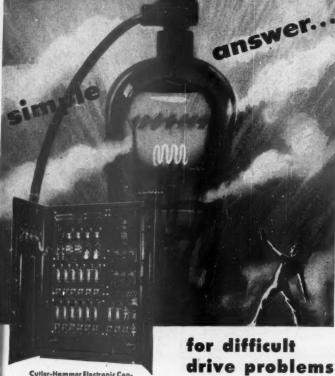
World's largest builders of safes and vaults . . . Mosler built the U. S. Gold Storage Vaults at Ft. Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima.



The Mosler Safe Company SINCE 1848

HAMILTON, OHIO

CONSULT CLASSIFIED TELEPHONE DIRECTORY FOR THE MOSLER DEALER IN YOUR CITY

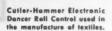


drive problems

Electronic motor control frequently proves to be a near-miracle in solving seemingly impossible problems

seemingly impossible problems of machine performance. But it isn't as new and revolutionary as many people think. Cutler-Hammer Electronic Motor Control has been hard at work for years . . . day after day . . . on such rugged, demanding jobs as those in steel mills, automobile factories, textile mills, newspaper pressrooms, railroad shops, rubber mills, and petroleum refineries. Cutler-Hammer engineers have long coupled the broadest of all motor control experience with a practical know-how in electronics spanning more than 30 years to the time when they worked out many basic electronic control circuits and the original designs for some of today's most widely used industrial type electronic tubes. If you think your machines or processes can be improved by the use of electronics, discuss your problems with a Cutler-Hammer engineer. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto, Ont.





trol for range drive used in the

manufacture of roofing paper.



Electronic section of a large Cutter-Hammer control panel used to obtain near-magic performance by a huge machine tool.

"...They can smell it, taste.it, or step on it..."

FIGURES OF THE WEEK starts on p. 79

percent of foreign matter that can be readily removed from the grain.

• Lowest Test—Wheat takes its grade from the lowest grade it gets on any test. If it checks out as No. 1 on test weight, damage, and other wheat, but is only No. 2 on foreign matter, then it's No. 2.

Once the wheat is graded, a sample is placed in a paper bag on which is written all grade information. Then the sample goes to the trading floor of the exchange to be sold in the cash market. When the country-elevator operator ships the grain he picks a casngrain receiver at the market to handle it for him. So the bag of grain goes to this receiver.

Prospective buyers can be flour millers, breakfast-food makers, or other processors. They are also likely to be terminal-elevator operators or exporters. In any case they get a chance to examine a few pounds of the grain in any way they like before they buy it. They can pour it on a table, run their hands through it, smell it, taste it, or step on it. They often do most of these things, because there are differences in wheat besides those tested by the inspectors.

A car of a particular class of wheat of a certain grade may have a different protein or glutin content than another car of the same grade and class. Differences arise from type of seed, amount and time of rain, soil conditions, frost,

• What's It For?—Wheat that's dandy for bread may make pretty foul pancakes and lousy wheat postics. When a processor buys a car of wheat, he wants to know if it's the kind that will make bread that's smooth, biscuits that are light, or stuff that makes ball players hit home runs if they eat a big bowlful every morning. So he smells it and chews it into a ball and squeezes and generally plays with it in an effort to find out what he's got or how much of what other kinds of wheat he'll have to blend with it to get what he needs.

If the cash-grain receiver or the prospective buyers aren't satisfied that the sample is what the bag says it is, then they can call for a federal inspection to get the final word on what's really in that bag—and in that car out in the

• It's a Deal—Finally, if the buyer and the seller are both happy about what's in the bag, they make a deal. That's when the Figure of the Week is made. The Figure of the Week gives the

price of No. 2 Dark Hard Winter Wheat-the grade that's grown the most-at Kansas City-the place where most of it is actually sold. It is quoted on a per-bushel basis, which is the standard price unit. The bushel is an old English measure of volume. It is equal to 2,150.42 cu. in. or 32 qt. But actual sales of cash wheat are made by the carload. A car of wheat is equal to as much as 120,000 lb. and carries from 1,800 to 2,000 bu.

BUSINESS WEEK gets a weekly average of Kansas City prices from the U.S. Dept. of Agriculture. But it could get it from dozens of other sources because grain prices at exchanges are public information almost as soon as deals are closed. Kansas City prices aren't the same as Chicago or Peoria or Seattle. But the difference seldom varies by more than the freight rate and handling costs necessary to get the grain from one market to the other.

· Conditions-In an open market of this kind, it's pretty obvious that supply and demand determine what's going to be paid. Supply is determined by the weather, soil condition, acreage planted -which depends on the price, tooamount of wheat left over from the previous year's crop, and other such factors: Demand is based on trends in wheat consumption (during good times people have more money, eat more meat, less bread), foreign markets, government buying programs. Current news influences prices, too. War news may boost prices, increased production abroad may depress them, and the outlook for next year's crop also has effects on them. And lower quality in one type of wheat may boost prices on another type that can be blended with it to boost the quality of the flour.

Once the deal is closed, the cashgrain receiver collects a commission-a cent or so per bu .- from the countryelevator man and turns the wheat over to the new owner. The next stop for the car is a terminal elevator where it can be stored by the elevator owner and sold later to processors and exporters. Or it may go directly into the bins of a processor or into the hold of a ship bound abroad. At any rate, it is then pretty close to the end of its rope as wheat-it is almost bread, macaroni,

• Why-Wheat is probably about as good an indicator of the agricultural prices as anything. It is only the third-largest crop-corn is No. 1, and oats is No. 2-but more of it is traded in the market than any other. Most corn and oats are fed directly to animals on or near farms where they are grown. It's important in an even more basic way, though. Bread is still the basic food, and practically all bread comes from wheat-at the rate of 100 lb. of flour for every 2.33 bu. of wheat.

#### It pays to use your custom molder's know-how say makers of new portable 35mm. slide viewer

No. In a Series on Plastics Skill at Work...

MOLDER USED ADAPTABILITY of Durez skillfully. Base is plunger molded low-pressure compound. One general-purpose material is used in molding the 3 other pieces.



PROJECT: Case, cover, condenser housing and lens housing for viewer.

CUSTOMER: The FR Corporation, New York.

MOLDER: Plastic Molding Corporation,

Sandy Hook, Com.

MATERIAL: Dures black general-purpose and Jove-pressure phenolics.



Taking a new approach to the possibilities inherent in 35mm. color slide viewing, both as a hobby and a merchandising aid The FR Corporation is now marketing compact, inexpensive unit that utilizes the versatile properties of Durez plastics.

Named the Port-a-View, the new unit weighs a scant 4 lbs.— its largest parts are Durez. It is easily carried in the hand or on a shoulder strap. The dark TV-type reflex screen is six inches square - permits viewing by small groups in complete day-light. Automatic feed with storage for 72 slides helps make projection "as easy as showing a snapshot album."

The heat resistance, self-insulation, and easy moldability of Durez phenolics all lend themselves to the requirements of FR engineers and their designers. Almost no finishing is required - for Durez has it own "built-in" glossy finish.

When it comes to using or considering the use of plastics, your custom molder may save you much money and time. It is wise to call on him before your plans become "set." He knows the Durez materials especially well, can help you get the most from them in design and engineering. Our own 30 years of specialized experience in developing phenolic materials can always be utilized through our staff of competent field technicians.

Write Durez Plastics & Chemicals, Inc., 4006 Walck Road, N. Tonawanda, N. Y.





PHENOLIC PLASTICS THAT FIT THE JOB

#### "See why before you buy...

...test the visible difference in Plover Bond!"

PLOVER BOND invites direct comparison! Just have your printer submit letterhead proofs on your present paper and on PLOVER BOND. Prove the visible difference with your own eyes! See how the extra quality, the added smartness of PLOVER BOND bring a bonus of better impressions to your business correspondence.

Better method for a finer finish! PLOVER BOND's matchless Qualitex finish is created by Perma-Therm drying. This is but one of many special techniques in the Permanizing Process, a better paper-making method developed and used exclusively by Whiting-Plover Paper Company, Stevens Point, Wisconsin.

#### A good place to put your 2c in!

The average company can switch from ordinary paper to handsome Plovers Bond for only about 2c a day. When it costs so little more to use this visibly better paper, you'll do well to ask your printer about Permanized Plovers Bond.

Rag Content . Tub Sized . Air Dried

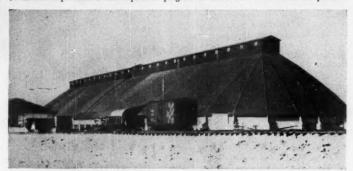


#### COMMODITIES

#### Fertilizer Growth Brings a



BIG PLANT of Potash Co. of America is even bigger now: It just completed a \$6-million improvement and expansion program to meet new demand for its product.



NEW COMPANY shows signs of getting under way. This is storage plant of Duval Sulphur & Potash Co., whose mine will be in full operation next January.



IT'S MINED LIKE COAL—but potash is much cleaner, pleasanter to work with. Here holes are drilled for explosives. Ore goes out in electric cars.

#### Potash Boom

U.S. farmers are buying twice as much fertilizer now as they did in prewar years. Farmers elsewhere in the world would like to do the same thing, but most of them can't afford it. Even so, world consumption of fertilizer has shot up 37% since the end of World War II.

• Boom—To any businessman, that kind of a rise spells boom. And that's just what has hit potash, nitrogen, and phosphorus, the three main plant nutrients that make up the bulk of commercial fertilizers. As a result, the whole potash business has been expanding, and last week two new U.S. companies were working at top speed to get into the business.

For the U.S., potash has always been the toughest of the three fertilizer elements from a supply standpoint. In fact, during World War I, U.S. agriculture took a terrific body blow when it had its supply of potash cut off. The Germans held a tight monopoly, so this country was left high and dry.

• Starved to Action—That's the main reason that today five-sixths of all potash used in the U.S. is being produced by three mining companies at Carlsbad, N. M. In two years during the first war, Americans saw diseases attack the cotton crop. They began eating stunted white potatoes, long stringy sweet potatoes, and citrus fruit with scabby skins. Had the war gone on long enough, the Germans might have hit their goal—to starve us out.

Somehow the U. S. managed to squeak through. Potash prices roared from \$30 to \$500 a ton, while scientists resorted to every known means of recovering the stuff.

• Discovery—This experience scared Congress into action. After the war, it told the Bureau of Mines and the Geological Survey to get busy. In 1925 some pink crystal particles showed up in oil-well bailings near Carlsbad, N. M. Further research uncovered the fact that deep beneath the whole area known as the Permian Basin lay one of the world's largest known deposits of potassium chloride. (Russia is supposed to have the largest deposits of mineral potash of anyone.)

The first commercial activity began in 1931, when the United States Potash Co. started drilling. In almost no time, two other companies had their rigs up, too—Potash Co. of America, and International Minerals & Chemical Corp. In 20 years these three com-



Moving goods safely takes more than brawn and wheels; it takes care—the kind of care a Baltimore & Ohio man is taught to use. With his training, and above all—interest, he may well be called a crate's best friend.

On the B&O, we emphasize careful handling. B&O freight men on the platforms, in the yards, and on the line are constantly taught protective handling methods.

The proper-handling program on the B&O can benefit your shipments too. Ask our man!



Constantly doing things - better!

#### When you need

#### PISTONS · RINGS · SLEEVES

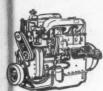
for any industrial purpose-

tell it to

## Sealed Power

WHEREVER compression is part of the problem—wherever a product uses pistons—Sealed Power pistons, cylinder sleeves, and piston rings deserve your consideration.

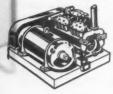




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PISTON RINGS : PISTONS CYLINDER SLEEVES panies have built up a total production running at 1.3-million tons a year.

With present demand, there is also a market for some 250,000 tons from abroad. But within a couple of years, expansion of the U.S. industry will about match these imports.

• Expansion—United States Potash has recently completed new facilities at Carlsbad, is now turning out about 5,000 tons a day. International Minerals & Chemicals is developing two new ore bodies and has put down two new shafts. And since 1949 the Potash Co. of America has boosted its plant capacity by about 25%.

Now, on top of this growth, two new companies are coming into the field. By January, 1952, Duval Sulphur & Potash Co., subsidiary of Duval Texas Sulphur Co., expects to be mining potash ore. Six months later, Southwest Potash Co., subsidiary of American Metal Co., Ltd., will be in production.

 Growing Use—The 250,000 tons a year these two new companies will add could do away with imports entirely.
 But if demand keeps growing, there may still be room for everybody.

There are two things, at least, which make expansion of this agricultural use likely: (1) Hybrid corn, which midwest farmers are using in a big way, eats a tremendous amount of potash out of the soil; (2) southeastern farmers who have gone in for beef raising are using lots of fertilizer to build up pasture land. On top of that, chemical companies are buying in more and more potash. So are munitions makers who use it in explosives.

• Big Capital—Potash-mining in the U.S. is a good life—but an expensive one to get started in. For example: Before Duval and Southwest bring up their first ton of ore next year, they will each have spent about \$10-million. And the three old-timers have put about \$100-million in shafts, plants, and processes in the past 20 years.

What accounts for the big expense? Much of it comes from the fact that you can't start mining in the Permian Basin until you get down at least 700 ft., and sometimes 1,000 ft. The basin is all that's left of an extremely salty sea that once covered the area millions of years ago.

• Night and Day—Once there, you mine the potash like coal. But the difference between a potash mine and a coal mine is like day and night. Potash miners work in a fairyland of rose, pink, and coral crystalline formations. The mines are well-lighted and safe; they don't have to be timbered up because potash ore is rocklike. There's no dust, and so no respiratory diseases common to other mining operations. Potash mining has the lowest industrial-accident rate of any extractive industry.

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#### Nickel Capacity Grows

Rising prices for the metal and U.S. purchase guarantees for stockpiling encourage producers to expand and bring new companies into the field. Biggest increase is still in Canada.

Nickel was discovered only 200 years ago. But its development in forming tough, heat- and corrosive-resistant alloys makes it an essential today for peace or war production. Fully half of all alloys known to metallurgists are alloys that include nickel. With the coming of the jet engine, some of whose parts must operate at white heats, nickel has found an important new use; in some cases it composes 80% of the alloy used in these engines.

• Expansion—To meet this need, the nickel mining industry is expanding right and left. Mining companies are opening new reserves of the metal ore and reworking old reserves that previously were uneconomical to mine.

Partly, the incentive is price. Last week International Nickel Co. of Canada, Ltd., the giant of the industry and pacemaker on prices, marked up its price for refined metal 6¢ a lb. This brings the U.S. price (including 1½¢ import duty) to 56½¢ a lb.—a 40% increase over this time last year.

• Guaranteed Market—But partly, too, the incentive for expansion is the guaranteed long-term market that the U. S. government provides through its program of stockpiling strategic materials. Early this year the General Services Administration arranged to reopen the government's nickel properties in Cuba and take all its output for stockpiling and other purposes. At the same time, it signed a contract with Sherritt Gordon Mines, Ltd., for purchase of "substantial quantities" of nickel from the company's new deposits at Lynn Lake in northern Manitoba, Canada.

• Reactivated—The Cuban properties in Oriente Province, known as the Nicaro Nickel Plant, were built by Reconstruction Finance Corp. in 1942 at a cost of \$32-million. As the deposit is low grade and produces no salable byproducts, the Cuban plant is costly to operate. It shut down soon after the war. Rehabilitating the plant will cost about \$5-million. It will be operated now by Mining Equipment Corp. of New York, a subsidiary of N. V. Billiton Maatschappij of the Netherlands. In 10 months to a year, the plant is expected to be operating again at its rated annual capacity of 30-million lb. of nickel oxide.

Newcomer—Sherritt Gordon's deposits, on the other hand, are brand-new—and rich ones, too. In fact, Sherritt Gordon itself is a new entry in the nickel field; previously it had mined

copper—with unspectacular success. Present ore reserves at Lynn Lake total 14-million tons averaging 1.443% nickel with a lesser content of copper and some cobalt.

By 1953 Sherritt Gordon expects to be producing about 17-million lb. of nickel a year from these deposits in addition to 9-million lb. of copper, 300,-000 lb. of cobalt, and 70,000 tons of amonium sulfate fertilizer.

The company estimates it will have to invest about \$29-million to get this production. Financing will be done in two stages. The first stage was kicked off last week when Newmont Mining Corp. of New York made firm commitments of \$8-million to Sherritt Cordon—\$2-million for common stock, \$6-million in notes convertible to common. About \$24-million will be raised by sale of additional stock to present stockholders. The remaining \$19-mil-

lion will be raised at later date.

A vital part of the project involves extending the Canadian National rail line 125 mi. north from Sherritt Gordon's old copper mine at Sherridon to Lynn Lake. The Canadian government is reported to be prepared to put up \$5-mil-

• Doubling Up—Another Canadian nickel producer, Falconbridge Nickel Mines, Ltd., while just winding up one expansion program started in 1947, is launching another one. The first, to be completed by the end of this year, will result in a 50% increase in nickel production. The second, a \$7-million program started in February, is scheduled for completion in 1953 and will double present nickel-producing capacity to a total of 40-million lb. a year.

• King of the Mountain—Much as they are expanding, none of these companies individually can hold a candle to International Nickel in point of production volume. Last year Inco's capacity was about 238-million lb. This year, by installing emergency facilities, it has raised that total to 250-million lb.

Much of this production, however, is coming from Inco's Frood-Strobie's open-pit mine, 200 mi. northwest of Toronto-the reserves of which are running out rapidly. Anticipating this, Inco early in World War II started a 10-year underground mine development program. This will be completed, at a total cost of \$150-million, in 1953—just when the open pits are expected to be depleted.

#### How to expand your plant's production without extra construction or manpower!

TARNER & SWASEY'S new CAMLESS 5-Spindle Automatics have expanded greatly the productive capacity of Alloy Steel Products Company. Previously, production of their stainless steel valves for the chemical and oil industries, limited to short runs, had been done profitably on hand machines.

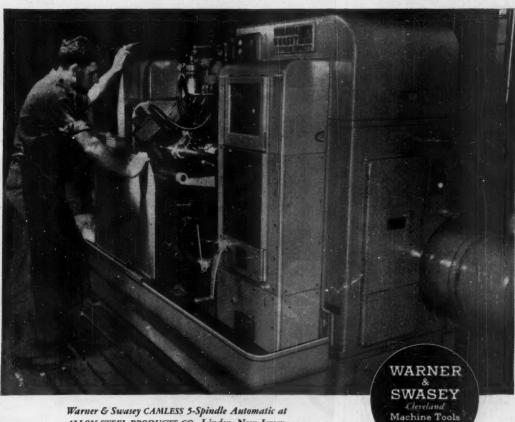
But increased production required building space for more machines as well as hiring more operators. Their only other choice was to consider new production methods.

Alloy Steel made their choice -Warner & Swasey Camless 5-Spindle Automatics. Ideally suited for short and medium runs, these new automatic machines now handle profitably 69 different jobs in lots from 200 to 500. Volume-better in quality and finish-has stepped-up 50% in allover average. No investment in

cams is needed!

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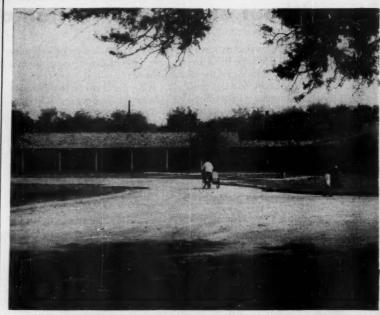
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#### Room Service on Wheels



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HEATED PLATES go into portable oven.

#### at 10-Acre Hotel in Texas

It's a far piece from the kitchen to the guest rooms of El Rancho Grande hotel in Brownsville, Tex. The rooms, arranged in 12-room units, are scattered all over a 10-acre plot. The kitchen is in the middle; even in Texas, kitchens can't move around much.

How to match the static habits of kitchens with the desire of hotel guests to eat in their rooms? El Rancho Grande found the answer in canned heat, portable ovens, and tricycles.

• Drive to Your Room—Take the case of Joe Tourist and Mrs. Joe, fresh from El Paso and hungry as wolves after a long drive. They register at the central desk, then drive directly to their room. The room, one of 60—there'll be 133 some day—is air conditioned and opens onto an outdoor arcade. Joe is impressed by all the fine outdoors, but he's still hungry. He phones for a spot of food.

In the distant kitchen, his dinner is dished up onto plates just as though they were due for a short hop to a dining room. The plates are stuffed into a portable oven; a canned heat flame is lighted.

Meanwhile, a bus boy has sped to the service room nearest Joe's room. There he sets up a wheeled table with silver, etc., and parks it outside the door, covered with a cloth. The bus boy then mounts his trusty delivery tricycle and pedals to the kitchen. A maid puts the oven aboard the tricycle; the bus boy dashes back to Joe's room, complete with piping hot food. Unloading is the work of a moment. The table is wheeled in. The rest is up to Joe.

• Outdoor Living—The room service deal is just part of El Rancho Grande's plan for combining outdoor living with city life. The hotel is located in a top residential area. It features an outdoor swimming pool and equally al fresco lounging facilities. Brownsvillians say their climate makes this work fine all year round.

One thing the hotel won't have is a bar; Brownsville law frowns on anything except package liquor sales. However, the thirsty survive; just across the Rio Grande is Mexico, unafflicted by drought.

The 12-room housing units are adjustable. That is, in each line regular bedrooms alternate with studio-type rooms. Suites of any size can be created by opening up connecting doors. The outside doors, opening onto the arcades, are painted in different colors. That helps you find home base.





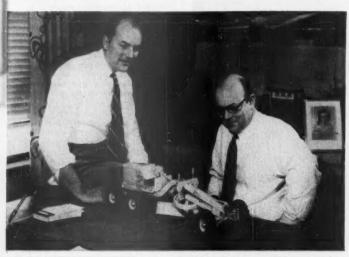
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#### COMPANIES



FIRE TRUCKS, dead ringers for the real thing, roll off Doepke's scaled-down assembly line one every 30 seconds. The company has specialized in making realistic toy trucks and construction equipment since 1946.

#### Ohio Tool Makers Strike Gold in Toys



THE DOEPKE BROTHERS, Fred (left) and Charles, are pleased with the realistic look of their Model Adams road grader, one of their best-selling toys.

Today's kids, like their parents, are realistic. In their toys they want the real thing—or at least the next thing to it. If the tiny parts don't move in imitation of the big, real ones, the toy is likely to be forsaken for nextdoor Johnnie's truck that does work.

• A Toy Factory Is Born—As parents, two Cincinnati businessmen became painfully aware of this common child-hood squawk. They figured that there was a terrific toy market for somebody. So, although they were manufacturers of machine tools and parts by trade, the Doepke brothers suddenly found themselves producing sandpile models of construction equipment under the trade name Model.

They knew what the kids wanted and gave it to them. As a result the Charles William Doepke Mfg. Co., Inc., has made itself quite a lot of

• A Sideline—But the Doepke brothers never forgot two of their cardinal business principles: (1) The tradesman



LATHE BUILDING came later to balance the toy business-as did . . .

should stick to his trade; (2) he should never put all his eggs in one basket. So last December they bought the Nebel Machine Tool Co. of Cincinnati. This puts them back in the machine-tool business, but this time it is just a sideline. To the Doepkes—from now on—the toy is the thing.

the toy is the thing.
• Realism Pays Off—When they went into toy making the brothers decided to concentrate on construction equipment—the type that contractors use to build roads, dams, airports, and bridges. Most Model toys have several controls, and every Model crane or road grader can be operated manually by the child.

In 1946—the first year of production –32,000 toys came off the assembly line. Last year the company put out 273,000 Model toys—average retail price, \$12. They made a road grader, bucket loader, clam shell crane, bottom dump truck, and an aerial ladder fire truck. Realism, plus careful management, is paying off handsomely.

The Doepkes never make more than five items at one time. They keep only top sellers on the market. And the toys are made to complement each other. The only deviation has been the aerial



THE TOTE BOX division, which makes metal bins to hold parts during assembly.

ladder truck. The other four toys make

 Miniature Auto Factory—Orders for Model toys poured in so fast that in 1947 the Doepkes moved their toymaking operations to a new plant that they built in Rossmoyne, a village north of Cincinnati.

The Rossmoyne plant is a miniature automobile factory. A toy rolls off the assembly line every 30 seconds, at peak production. All the regular operations—and modern techniques—found in an automotive factory are used, except that no actual motors are made. The plant even has a service department for repairs—and it does a rush business at the Christmas season.

Materials pour into the plant as fast as the toys roll out. In 1950 Goodyear and Firestone made more than 1-million tires for Doepke. Into the plant operations that year went 2.5-million lb. of steel—plus aluminum, brass, wire thread, and paint.

Toy Makers at Work—Charles—affable, husky, and the company's president—is responsible for the design and production of Model toys. The same prayerful planning goes into preparing



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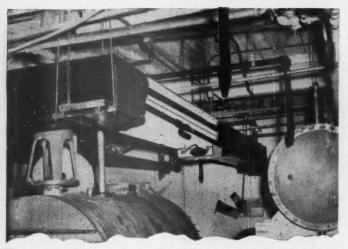
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# "...But Doepke says its first duty is always to the kids..."

MODEL TOYS begins on p. 92

a toy for production that auto companies put into a new model. It takes from eight months to a year to get a toy from the idea stage to the production stage.

Each Model toy is made with authorization from the maker of the actual equipment. Doepke gets permission to work from blueprints, then scales the toys down to about one-sixteenth the actual size. And Doepke never models a toy after more than one product of a

given manufacturer.

• Companies Use Them—This giveand-take involves no subsidy or payment on either side—except when companies buy Model toys to use in promotion. Some of the companies that use the toys are Barber-Greene Co., Heil Co., Unit Crane & Shovel Corp., J. D. Adams Mfg. Co., American LaFrance-Foamite Corp., and Euclid Road Machinery Co. All admit that their cooperation with Doepke has more than paid off, promotion-wise.

Manufacturers use Model toys as giveaways to good customers at Christmas time, as drawing cards at conventions, in store displays, and to interest sales

prospects.

• The Kids Rule—But Doepke says its first duty is always to the kids. Last year 90% of the major toy outlets in the U.S. carried Model toys. Children in the Philippines, South Africa, Hong Kong, South America, and other foreign areas can buy them, too. Fred, the vice-president and sales manager, has built up this distribution system.

• Expansion—But the huge success of Model toys did not dim the Doepkes' business foresight. With an eye to diversification, they started looking for another company they could purchase—another product that would balance the toy business. Result: The Nebel Machine Tool Co. of Cincinnati is now a wholly owned subsidiary of Doepke.

The Doepkes heard that the Nebel company was on the market and took at look at the plant. They liked what they saw. The 52-year-old company was intact and running-turning out lathes hand over fist. There was a big backlog of orders—deliveries were taking from eight to 10 months.

Charles and Fred decided the plant had a good potential. So they bought it last December for \$750,000.

Farsighted—But the Doepke brothers' search for diversification didn't end with Nebel. What if there should be a shutoff of the toy business? What would happen to the toy plant? The

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PHILCO
ROOM AIR CONDITIONERS

#### "...What if there should be a shutoff of the toy business?..."

MODEL TOYS begins on p. 92

obvious answer was to diversify there, too. So about two months ago the Metal Specialties Division was established at Doepke.

• A New Product—The first product of the new division was the Nestier tote box—an oblong metal bin in which parts are placed during manufacturing operations. The Doepkes first heard about the tote box from George E. Coursey and E. C. George, agents for materials handling equipment. They were connected with a Cincinnati firm, United Carriers & Fabricators, Inc., which owned the Nestier patent. Coursey and George had been happily taking orders for the tote box, but had no production facilities.

The Doepkes bought the patent, changed the box a bit, and started turning out Nestiers. Coursey and George, still selling like all get-out, became the first agents, handling the territory within 75 miles of Cincinnati.

Other territories are being set up.

The Nestier required almost no new capital equipment at the plant. It is ideally suited to the production facilities at Doepke—it involves the same type of steel stamping, cutting, welding, and finishing as used on Model toys. While one press is stamping out a part for a toy fire truck, the one next to it is batting out a tote box. It can be turned out in the same bright colors, too. And several sizes are available.

The Nestier tote box made its first public appearance at the Materials Handling Show in Chicago at the end of April. In May, "Mill and Factory" named it the "best new product of the month."

• Fond Regards—Charles Doepke regards their newest venture fondly. "This is DO stuff," he says. But he adds quickly that "toys are our main product, and will continue to be."

"And-our main asset is people," Fred adds.

There is no union at either the Doepke or the Nebel plant—and there's never been a grievance. At the Rossmoyne plant an advisory board of 10 men—one from each department and selected by the employees—meets at least once a month with the Doepke brothers. They discuss current facts on how the business is doing and work out problems and policies.

Doepke's employees are cut into the profits, too. They split up 20% of the profit before taxes. In 1950, 110 employees got \$78,000 under the plan.

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SERVING THE WEST-SOUTHWEST EMPIRE

#### \$20-Million Upset

Sunnyhill sues Jeffrey on grounds it misrepresented its ability to produce mining machines on a full-scale basis.

The faint rumblings of dissension between Sunnyhill Coal Co., Pittsburgh, and its manufacturing partner, Jeffrey Mfg. Co., Columbus, have rolled up into a thunderstorm.

On May 24. Sunnyhill filed suit against Jeffrey in Federal District Court of Columbus. It asked \$20-million in damages and termination of a contract covering Jeffrey's manufacturing and sales rights to Sunnyhill's Colmol, a continuous mining machine (BW-Nov.6'48,p26), and a companion mining machine, the "Molveyor."

• Brief—Sunnyhill and Jeffrey consum-

• Brief—Sunnyhill and Jeffrey consummated their business marriage in May, 1949. Before then C. H. Snyder, president, and D. H. Swanson, vice-president, of Sunnyhill Coal Co. and officers of Snyder & Swanson, Inc. (a Pittsburgh coal sales company) had conceived the idea of a continuous coalmining machine. Their first model was unveiled in 1948, under the Sunnyhill name.

• Enter Jeffrey-Jeffrey, one of the largest suppliers of mining machinery, knew that Joy Mfg. Co., a red-hot competitor, had been field-testing a similar machine. It approached Sawyer and Swanson for manufacturing and sales rights of the Colmol, and an agreement was drawn up early in 1949.

The Molveyor, a machine for moving the cut coal from the face of the Colmol to either car or belt line in the rear, was added later. The Colmol Co., owned jointly by Sunnyhill and Jeffrey, was set up to handle sales.

• Production Log—Sunnyhill contends that Jeffrey misrepresented its ability to get into prompt and full-scale production of the Colmol, thereby causing Colmol Co. to miss the boat saleswise. Up to this time, only one Molveyor and four Colmols have been delivered, two others are ready for delivery. Backlog of orders is said to be 30 machines, which sell for about \$60,000 each. Jeffrey was scheduled to produce these in 1951. Sunnyhill says it was promised full-scale production in four to six months after May, 1949.

months after May, 1949. Sunnyhill sees these delays as giving competitors all the sales advantages Colmol once had.

One charge made by Sunnyhill caused lifting of eyebrows through the industry. It claimed engineering of the Colmol was delayed because of the decisions of Jeffrey executives—who lack knowledge and experience in underground mining.



All but one of the objects in this picture have something in common. They were affected directly or indirectly by the kind of products Norton and Behr-Manning make. Can you find the stranger?

The TV towers? No! Made of metal, which is processed and finished with the aid of Norton or Behr-Manning abrasive products.

So, too, with many other TV components . . . from tubes and wires to cameras and cabinets.

The molten metal? No! It was melted in a furnace lined with high temperature Norton refractory

The man? No! Whenever he eats, dresses, shaves, sleeps, or plays, Norton and Behr-Manning products are his unseen aids.

The monument? No! Stone for monuments and

buildings is shaped and finished with Norton and Behr-Manning abrasives and grinding wheels. The lettering, too, is carved by Norton abrasives blasted through nozzles lined with Norton (NORBIDE\*) boron carbide - the hardest material made by man.

The stranger in the picture is the fish...but only until he grabs the abrasive-finished lure. Remember... any man-made product . . . whether of metal, wood, paper, cloth, leather, ceramics or plastics . . . depends on abrasives, abrasive products, refractories and grinding machines that bear such well-known trade-marks as Norton and Behr-Manning...world's largest manufacturers of abrasives and abrasive products.

\*Trade-Mark Reg. U. S. Pat. Off. and Foreign Countries.



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ABRASIVE PAPER AND CLOTH . OILSTONES BEHR-CAT BRAND PRESSURE-SENSITIVE TAPES

#### PROMOTION



Dictaphone pitted 420 girls against clock in contest.



Errors tripped up even the best secretaries under crowd-pressure conditions.



Mopping her brow, Charlotte Rouda tries to keep cool amid rattling typewriters.

#### Typists' Speed Test-They Love It

It's a fine gimmick that does a good turn, makes for a good time, and dramatizes your product all in one swoop. That's what Dictaphone Corp. had in mind when it threw a transcribing contest last week at the National Office Managers Assn. Exposition.

Some 420 secretaries from about 300 companies were on hand to show how fast they could gallop down a page of type. The girls were taken in batches of 15. Each batch had to transcribe six

business letters. The letters had been specially dictated-on a Dictaphone, of course-by one expert, to make sure that variations in dictating skill wouldn't handicap the contestants. During the tests, fellow workers, supervisors, and bosses rooted from the sidelines.

The prizes were large (the top award included a two-week stay in Puerto Rico), but most of the girls were more interested in the chance to display their taients. As one of them said, "I just

came to see how good I am. If I win, so much the better.'

Dictaphone laid out about \$10,000 for the shindig, felt it was money well spent. The races were designed as a dramatic demonstration of what the company's machines can do. The silver bangle bracelets awarded each entrant with her score engraved will probably be conversation pieces. Dictaphone salesmen are planning to use the scores later this year as selling points.

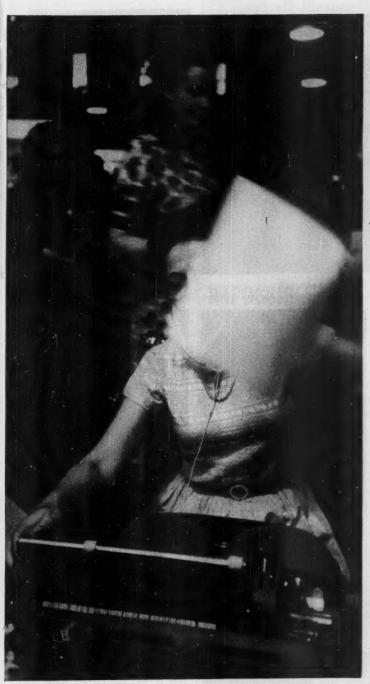


**FINISH** 

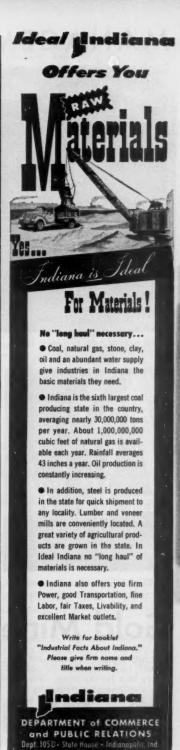
Triumphant look and raised right hand indicate that the race is over for this contestant. The winning score: 386.64 lines an hour,



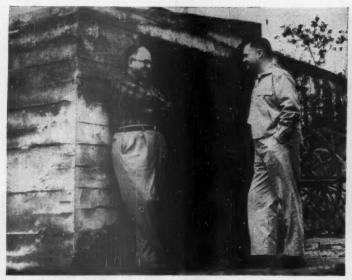
Typewriter firms helped out to give girls the office-machine setup they preferred.



SPEED Girls whipped paper out of machines, quickly replaced it with another. Some complained later that poor machine performance had bogged them down.



#### MANAGEMENT



NEW MANAGERS, J. D. Swift (left) and Donald D. Smith, took over a cost-pinched NEW TOOLS such as this Sandvik drill gold mining company after a proxy fight, moved it into the black in less than two years. cut Central Eureka's mining costs sharply.





SAND FILLING worked-out tunnels with mill waste saves expensive timbering.



METALLURGIST Keith Kunze has hiked ore recovery from 82% to 99%.



GOLD INGOT weighing 241 lb. will be sold for \$13,700 to San Francisco Mint.

#### Gold Mine Beats Price Control

It may sound Pollyannish, but price controls for some companies can turn out to be a healthy thing. They can force management to tighten up operations and cut costs previously hidden by inflation.

• 18 Years of Price Control-It has happened-in gold mining, for instance. Since 1933 the yellow metal hasn't been allowed to budge a penny above \$35 an ounce. In the same period,

costs have skyrocketed. How do producers manage to make a profit?

Some don't. One of them had to cut its dividend 75¢ last month. Others have shut up shop.

Two years ago Central Eureka Mining Co. was about ready to join the latter group. Today it's a robust firm with plans for expansion into other fields. It turned a \$163,000 loss in 1949 into a \$111,000 profit in 1950without a drop in material or labor costs or a boost in gold prices.

 New Management—The credit for this comeback goes to a new management team that isn't afraid of ideas. Heading it are J. D. (Jess) Swift and Donald D. Smith. They served to-gether as Navy lieutenants in World War II, had met casually before the war as stockholders of Central Eureka. In May, 1949, they teamed up to

do something about fumbling Central Eureka. Instead of paying off, the company was actually costing them out-of-pocket money. Under an old-fashioned corporate rule, the company could assess shareholders when the going got rough. From the end of the war until 1949, assessments on the 600,000 outstanding shares amounted to \$1,400,000. went for maintenance and postwar repairs, but produced no profits. The company was in sad shape. In three idle war years-when gold producers stopped work at the order of the government-Central Eureka's tidy cash surplus of \$500,000 was exhausted.

Repeated stock assessments finally got Swift and Smith mad enough to start soliciting proxies for the 1949 annual meeting. They walked out with the mine in their pocket. Swift became president, Smith secretary-treasurer.

· Plenty of Gold-Until this hustling pair came along, Central Eureka was as tradition-steeped as the rest of the gold mining industry. Even though neither knew much more about gold than that it's the root of all evil, they figured any management could be as good as the one they replaced.

The mine itself wasn't to blame for Central Eureka's poor showing. The company operates at Sutter Creek, Calif., in the Mother Lode, the vast 180-mi.-long gold region in the Sierra Nevadas. Part of its claims are among those from which Hetty Green extracted \$12-million before she finally sold out just before World War I. At that time the mines were down 3,500 ft. Today there is still plenty of gold in those hills, but costs have soared. At 4,000 ft. Central is still producing excellent ore. The trick is turning it into profits at a fixed price of \$35.

• First Profit-That's what Swift and Smith have done-on ore that assays at about \$20.70 to the ton. Before 1949 was over, they were able to celebrate the company's first profitable month in seven years. To dividend-starved stockholders, it looked like the first lien on Fort Knox. For one thing, the black figures apparently mean dividends to come (not to date, though). For another, stockholders were able last month to vote out stock assessments once and for all. The stock is selling fairly fast on the San Francisco exchange at an average of \$2 a share today. In May, 1949, it was 60¢.

· Steps to Improvement-First, Swift beat the bushes for good managers. He hired a new general superintendent. To get Keith Kunze, a top-grade metallurgist, with the organization, Swift made him a member of the board of directors. Then Swift set up his office at the mine-"You can't mine gold in San Francisco."

At the same time, Smith created a mercantile subsidiary in a cubbyhole



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#### PREVIEWS

from the

# **CROSBY CLIPPER**

These are excerpts from stories in the current issue of American Hoist & Derrick Company's house magazine, the American Crosby Clipper. If your business involves the use of hoists, derricks, locomotive cranes, revolver cranes, Crosby Clips or other equipment in our line, why not let us put your name on the mailing list. Use coupon on right hand page, to start with the current issue.

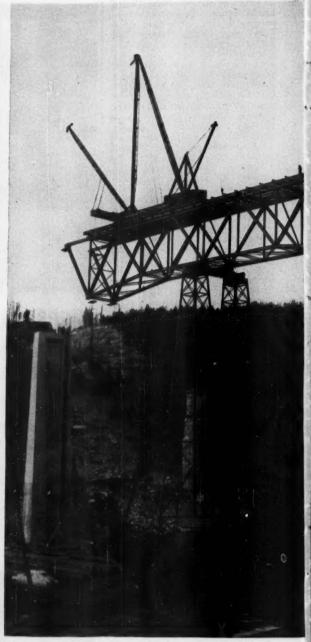




"C'est magnifique!" So says the expression of M. Darmaillacq, shown by his American Diesel Locomotive Crane. At right, the crane repairs sea wall for its owners, the Port of Bordeaux, in France.

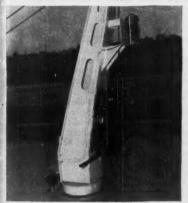


Shell on wheels. New Coliseum building at Minnesota State Fair was built on this tremendous falsework form, rolled forward on steel rails. Power for the tower was supplied—as in most big jobs everywhere—by a tireless American Hoist.



**Highway in the sky.** Building its own support in mid-air, this American Stiffleg Derrick moves forward on a traveler, setting steel for the State of Kentucky's Cumberland River highway bridge at Burnside, Ky. This is one of the "specials" made possible by American Hoist's world-wide experience in derrick design. Notice the wide side beams, holding guy lines from top of mast. For more facts on this interesting job, read the current Crosby Clipper.

The AMERICAN HOIST line includes: Hoists • Derricks • Locomotive Cranes • Crawler Cranes • Revolver Cranes • Portable Material Elevators



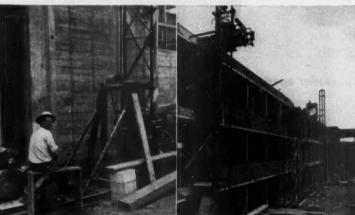
Cap'n Howder's Handiwinch. For handling both load and boom lines on its new, super-smart river towboat, Hillman Barge & Construction Co. chose a pair of American Handiwinches. With them, one man handles loads up to 10,000 lbs.



Hungry Horse consumes Crosby Clips. High above massive Hungry Horse Dam in Montana, death-defying riggers are using Crosby Clips by the thousands. Photo at right shows why. Miles of overhead wire rope need the safest fastening money can buy... and Crosby Clips, with famous red U-bolts, are a rigger's only choice for tight holds.



"New look" in lifting! Where clumsy, costly wooden towers would have once been seen, you now find American Portable Material Elevators. Here are three at work. Left, on Mary Pickford Hospital, Los Angeles. Center, on coeds' dormitory at Cheney, Washington. Right, on



Fulton High School, Knoxville, Tenn. Clipper stories tell how these fast moving, self-erecting elevators make "unbelievable" time records. They can be equipped with 6'x6' lift platform, self-dumping concrete bucket, and independent swinging boom at top of tower.

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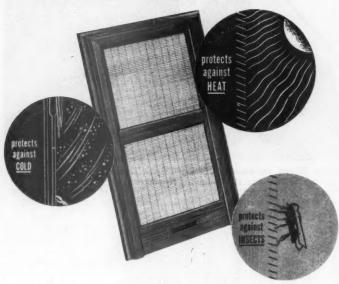
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When cold weather comes, it's a matter of seconds to replace the KOOLSHADE panels with light, easy-to-handle, snug-fitting panels of glass for a winter wonderland of comfort. Result: all-year weather protection . . . all-year home comfort. At a cost that's little if any more than ordinary combination windows! Far less than the cost of awnings, window screens and storm sash. Developed by Borg-Warner's Ingersoll Products Division, this is a striking example of how "B-W Engineering makes it work—B-W Production makes it available."

Attractive distributor-dealer franchises are available in some territories. For details, address ingersoll Products Division, Borg-Worner Corporation, 321 Plymouth Court, Chicago, Illinois.

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office in San Francisco to handle all buying. For any purchase over \$500 he takes bids. So far he calculates savings to Central Eureka of 22% on purchases averaging \$10,000 a month.

He also installed modern cost-accounting and inventory control, saving \$2,200 a month on supplies alone. Stock losses in 1950 were cut to \$21.81 on purchases of \$120,000.

Workmen's compensation insurance —costing \$41,721 in 1949—was cut back to \$8,200 in 1950 by periodic physical examinations and new safety devices. Every miner is X-rayed before he's hired, every six months thereafter. Old hands who couldn't pass the physical were let \$90.

Gold recovery was boosted from 82% to 99% by metallurgist Kunze—a difference of \$180,000 a year at present operating rates. One thing Kunze did was install a Knudsen bowl, a centrifugal contraption that separates the heavy gold particles. Well-known in the industry, it wasn't used before at Central Eureka. Now the company not only has the Knudsen bowl, it has the man who invented it. Swift hired him.

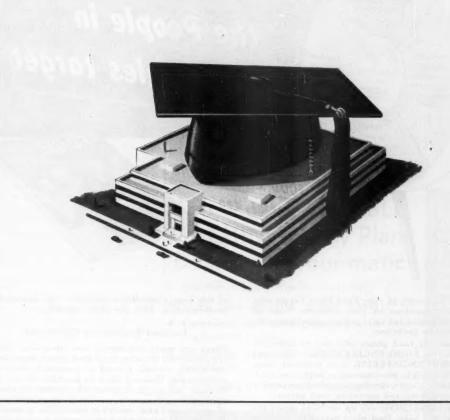
General Superintendent Arthur Kendall took other cost-saving steps. One of them was the purchase of the Sandvik drill, a new Swedish machine that has American equipment competitors worried. It saves Central Eureka 10¢ a ton drilling, trebles production for each man. The drill was first used in the Mother Lode by Central Eureka. It drills horizontally or vertically; its bit lasts longer; and once started in the rock, it keeps working by itself.

• Eureka vs. U. S.—Soon after he took over, Swift sued the government, claiming it cost his company \$1.3-million to comply with the wartime shutdown. He's the first gold producer to try to tap the U.S. for wartime losses. Now Homestake Mining Co., about four times as big, is hustling necessary papers to file them in time for both suits to be heard together in the U.S. Court of Claims in Washington. One hurdle has been taken already: The court denied a U.S. demurrer to Central Eureka's claim, has ordered the case to trial

• Copper and Oil Next?—Beyond that Swift is talking diversification as protection against another possible warenforced shutdown. He has optioned Arizona copper property, plans a mill if he can get U.S. financing. Another contemplated move may take Central Eureka into oil production.

Diversification also will be a hedge against more inflation, always a bugbear to the gold mining industry.

Meantime, the Swift-Smith combination is pinching pennics and running the Sutter Creek property like a slaughterhouse, recovering everything but the squeal, to beat the \$35-an-ounce ceiling.



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FOOD ENGINEERING sets up an ideal target for advertising that helps food plant executives produce more and better foods at lower cost.

#### Food Plants Must Modernize

The food industry is processing products worth \$33 billion per year. One of the world's largest industries, it is necessarily becoming one of the most modern.

To hold down costs, modern machines are being purchased to make scarce manpower more productive. Properly engineered processing lines under laboratory and instrument control, are essential to increase output and maintain high quality.

So urgent is the need for modernization of both plants and equipment that the food industry plans to spend \$945,000,000 in 1951—the larger part (59%)

of this huge expenditure going for replacement and modernization, 41% for plant expansion.

### **Common Engineering Operations**

There are many engineered unit operations which are practically the same in all food plants. Ingredients are mixed, cooked, ground or separated. Many are refrigerated. Material must be handled all the way through the plant. Engineered instrumentation is applied along the production line to insure uniformity of quality and as a control of continuous processing. Engineered sanitation is a requirement in every plant. Finally, the product goes into an engineered package on a packaging line especially engineered for it.

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FOOD ENGINEERING, under its new self-defining title, further expands its editorial scope to lead in serving the needs of food plant management, including corporate officials, plant managers, engineers and technologists.

Here is today's Food Plant know-how for those with the responsibility for engineering new products, for increasing production, for cutting costs, and for improving quality.

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### **GE Reshuffles**

Six affiliates will become departments, but will keep own identities. Move permits more logical groupings.

When you look at a Telechron ad after June 30, you'll discover at the bottom, under the Telechron signature, a line reading: "A General Electric Department." It used to say: "A General Electric Affiliate." You'll notice a similar change, too, in ads of five other GE units.

That's about the only difference an outsider will be able to detect in the latest management action taken by Ralph J. Cordiner, GE president. Six manufacturing companies with separate corporate identities are going to be merged into the parent company. They will be more tightly integrated in the over-all company structure. But they definitely are not being rubbed out of existence.

 "Evolution"—Cordiner told stockholders in a letter last week that the six affiliates will become GE departments as "a part of the natural evolution of the company's organization through the years."

The affiliated companies being merged are: Carboloy, Inc., with head-quarters in Detroit; General Electric X-Ray Corp., Milwaukee; Locke, Inc., Baltimore; Monowatt, Inc., Providence, R. I.; Telechron, Inc., Ashland, Mass., and Trumbull Electric Mfg. Co., Plainville, Conn.

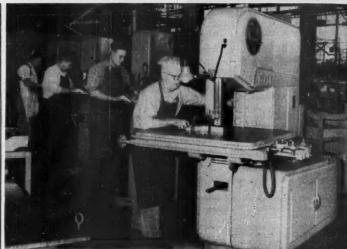
Under the old setup, these companies seemed more independent than regular departments. They had their own trademarks. Their direct tie to the parent company was through a vice-president in charge of affiliated companies.

• Same Names—How much will that be altered? Not very much. The names will be the same—Carboloy will still be known as Carboloy. The managements will be the same—the president of Telechron, A. F. Fisher, will become the general manager of Telechron department. The trademarks will be the same—Monowatt wiring devices will continue to be sold under that name.

The chief difference will be in the corporate relationship. Management experts surmised such a change was inevitable a few months ago when Cordiner announced the appointment of three executive vice-presidents to head up three main operating groups.

head up three main operating groups.

One of the three is Roy W. Johnson, former vice-president in charge of the affiliated companies. In his new post, he has jurisdiction over the appliance and electronics group. Telechron, for



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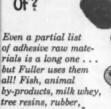
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Kensas City 6, Cincinnati 2, Atlanta, Chicago 47, San Francisco 3, Buffalo 7 example, will continue under him since it is a part of the appliance and electronics group. However, Trumbull Electric is switched. It was under Johnson as an affiliated company. Now, as a small apparatus maker, it goes under Hardage L. Andrews, another executive vice-president.

• Homogeneous-In a broad sense, the affiliates that were not at all similar

in type of products are being redistributed through the GE setup so as to fall into bed with other departments with more common products.

Now each executive vice-president will have a more homogeneous group of departments. He will be able to concentrate on one particular field, even though the field is broader than might be found in most companies.

### Price Deadline Put Off: It Still Hurts

Few businesses were ready for May 28 date to file ceilings. Westinghouse made it, but at heavy cost in time, money.

When Price Stabilizer Michael Di-Salle moved the filing date for manufacturers' price ceilings back from May 28 to July 2, he gave management 35 extra days to ease one of the biggest headaches that has come out of the Korean War. But business heads went right on aching.

right on aching.

A handful of companies, like Westinghouse Electric Corp., had been ready to file on May 28. But most businessmen hadn't got that far. It was their anguished squeals from across the country that brought DiSalle's reprieve.

There seems to be no readymade solution to the confusion. Yet the case of Westinghouse-which, incidentally, welcomed the extra time to recheck figures-is a pretty good example of what a company can do in a pinch.

• Alert—A week before CPR 22 was issued, Westinghouse top management alerted the staff to get ready for a deluge of paper work. (It keeps a man in Washington doing nothing but routing new rules to headquarters.) The assistant director in charge of government accounting was handed the job of coordinating the work, seeing that it kept rolling out of adding machines, typewriters, and calculators.

On Apr. 30, five days after the order came out, every division sent accountants to Pittsburgh headquarters for a week of meetings. The controller's office laid down broad policies, helped field men interpret the ruling. Meetings were also held to brief the sales staff on the order.

• Autonomy—Out of all this came one big decision: Let each division file its own ceilings. In some cases, separate computations were made for each plant in a division.

Headquarters refused to make any flat ruling on which of the alternate methods or base periods of the pricing regulation were to be used for figuring material cost increases. As it turned out, most divisions used Method 1—the simplest. ("One rugged individualist," a staff man said, "decided he would use Method 3.")

Each division was required to spot

check its calculations with one of the other methods and base periods to be sure it was on the right track pricewise. To help, the Pittsburgh office distributed official price indexes on raw materials as a guide to accountants on the best base period to pick.

• Divisions Responsible—Full responsibility fell on the divisions for coming up with the answers. Headquarters expedited new prices for divisions on intracompany transactions, advised field men when it thought they were off base, and made division-to-division comparisons. One accountant had a comparatively stiff rollback, for instance, until the controller's office discovered he'd left out a large allowable cost.

When it was all done, top management men had on their desks for review plus and minus ceiling figures for every one of their 400 major product lines in time to ship them off to Washington

with a prayer.

• What It Cost—Last week Westing-house officials took a deep breath and a long look at what had happened in their organization since CPR 22 fell into their lap Apr. 25. Here's what

they found:

• Manhours spent on nothing but
CPR 22 and 30 added up to around

15,000.

• Overtime pay for clerical work-

ers in practically every division.

• A "fortune" spent in telephone

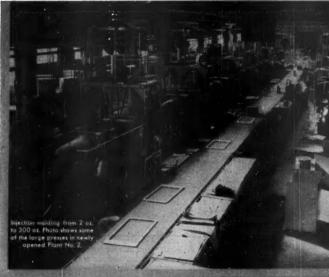
• Full-time attention of at least five management people at headquarters

Besides this, vice-president J. H. Jewell points out: "It'll cost us \$100,000 just to republish our price forms—and eventually we'll have to do that." (Meantime, multiplier sheets giving the plus or minus percentages to compute ceilings will be sent out.)

ceilings will be sent out.)

Are Westinghouse's figures right? They think so, though some changes may be made between now and July 2. As far as obeying the law is concerned, officials guess that OPS will give the company an "A" for effort even though it may require some adjustments.

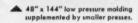
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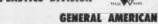
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TORNADO Industrial Vacuum Cleaners provide tremendous suction which quickly and thoroughly removes dirt, liquids and grime from floors, machinery and overhead fixtures.



PRESIDENT McCaffrey will be top dog . . .



CHAIRMAN McCormick decided to resign.

### One Boss at I-H

Switch in company policy at International Harvester splits the two-man management team, makes president chief executive.

It took International Harvester Co. five years to decide that two bosses aren't better than one.

Since 1946 the company has operated under a two-man top management plan. John L. McCaffrey has been president and chief operating officer, handling day-to-day activities for the company. Fowler McCormick, board chairman, was chief policy-making officer, the long-range planner. He was also chief executive of the com-

# Removes DIRT!

TORNADO Floor Maintenance Machines are essential to Good Shopkeeping. Old fashioned, slow motion methods of scrubbing and brushing waste time and are only half effective. TORNADO saves time, and does a thorough job.

Write for Bulletin 600 Address Dept. 68 BREUER ELECTRIC MFG. CO.

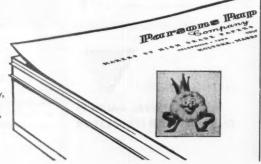
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# Distinguished Executive and Personal Stationery

Executives and professional men project their prestige by writing on fine Parsons Papers, made from new cotton fibers, with the skill and pride of experienced craftsmen. Parsons offers you seven types of quality papers for documents and stationery from 100% new cotton and linen fibers to 25% new cotton fibers.

Parsons' guardian of paper quality, King Cotton, suggests that you write for a free package and compare. Parsons Paper Company, Department 61, Holyoke, Massachusetts,

@PPC, 1951



pany—a function he kept when he moved from president to chairman five years ago. Management experts often admired the arrangement. It was just the setup books say you should have.
• Splitup—But last week the team broke apart. At a special meeting of the board, Harvester's bylaws were changed. The president became chief executive officer, in charge of all company affairs. The chairman was made an adviser of the board on planning and program development.

McCormick felt he couldn't go along with this; he resigned-although he

will remain as a director.

• Behind the Scene—Behind the switch back to the more conventional form of top management was a five-year experience that convinced directors that there could be one, and only one, final boss. And he had to be the man who ran the company day to day.

As long as the board chairman was also chief executive, McCormick had the power of overruling McCaffrey's decisions—and he occasionally used it. Even when he didn't, the mere fact that he had the power put McCaffrey

in an uncertain position.

• Break With Tradition—McCormick's resignation left Harvester without a McCormick in a top executive spot for the first time since the business got its start in 1831—with the invention of the reaper by Cyrus Hall McCormick, grandfather of the present McCormick.

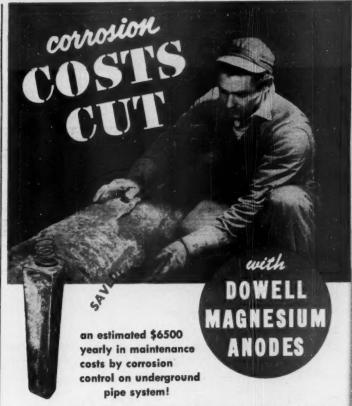
Whether or not McCormick's resignation will stick is anybody's guess. McCaffrey went on record as wanting McCormick back, and other directors are known to be of the same mind.

#### MANAGEMENT BRIEFS

Lockheed Aircraft cut the number of officials reporting to its manufacturing manager from nine to five. It hopes the move will spread authority, give staff men more time for long-range planning. The manufacturing chief will now hear from a production manager, manufacturing engineer, manufacturing control manager, materiel director, and director of inspection.

Out of retirement: Twenty retired General Electric engineering and sales experts are taking over the job of staffing GE's "More Power to America" exhibit transleasing an equal number of young engineers for production jobs.

Dog tags for workers may be had from Bottlescope Mfg. Co. of Lansdowne, Pa., at a cost of from 25¢ to 50¢ a person. Bottlescope will also store a record of names and addresses of employees in its vaults in the mountain section of Pennsylvania.



Today, your maintenance costs are rising faster than ever! With Dowell magnesium anodes, you can cut these costs by reducing the number of new corrosion leaks in your underground pipe systems. Such corrosion control not only saves on your maintenance costs, but keeps your plant at peak operating efficiency by reducing shut-downs for pipe repairs.

A large midwestern processing company estimated a savings of \$6500 yearly in maintenance costs after making a \$12,400 installation of Dowell magnesium anodes on 79 miles of plant pipelines. These savings resulted from a reduction in the number of new leaks. The expendable, low-cost anodes were installed at each leak point after leak was repaired and on all new lines as they were laid. No outside power was required.

You can reduce the number of costly and troublesome corrosion problems occurring on your pipelines, distribution systems, tank bottoms, piers and other buried and underwater metal structures . . . install a simple corrosion control system of Dowell magnesium anodes that really pays off!

Contact your nearest Dowell office or write direct to Dept. 505, Tulsa, for more information and FREE booklet on Dowell Magnesium Anodes.

# DOWELL

TULSA 3, OKLAHOMA

80 strategically located offices ready to serve all industry with—

Maintenance cleaning service for industrial heat exchange equipment.

Chemical services for oil, gas and water wells.
 Magnesium anodes for corrosion control.



# MARKETING

Department Store Profits:	'50 vs	. '49
	4	4
These factors hurt profits	1950	1949
More merchandise returns (% of sales)	7.5	7.3
Fewer transactions per employee	7,668	7,720
Slower stock turnover (per year)	3.9	4.1
Higher federal income taxes (% of sales)	2.6	1.6
These remained stable		
Administrative expense (% of sales)	6.8	6.8
Occupancy expense (% of sales)	5.6	5.6
Buying expense (% of sales)	4.6	4.6
Selling expense (% of sales)	10.1	10.1
These helped		
Lower advertising costs (% of sales)	4.1	4.2
Higher markups (% of original retail price)	39.3	38.7
Smaller markdowns (% of sales)	6.2	7.5
Fewer stock shortages (% of sales)	0.9	1.2
Greater sales volume (% of last year)	106	100
Larger average gross sale	\$4.71	\$4.30
More sales per sq. ft. of selling space	\$78.00	\$76.00
So		
Total operating expense was down (% of	sales) 31.6	31.8
Profit after federal taxes was up 1% of sal		2.7
Surres: Mutional Retail Dry Goods Assn.		

### Can Stores Match 1950?

They'll have to go some to do it. Report of NRDGA's Comptrollers' Congress shows business last year was good all down the line. So far in 1951 results are spotty.

Retailers, nervously piloting a course between the Scylla of rising costs and price ceilings and the Charybdis of bloated inventories, are taking a careful bearing on the latest statistical breakdown of their business.

The data were released last week by the Comptrollers' Congress of the National Retail Dry Goods Assn. The group's annual report on Departmental Merchandising and Operating Results of Department Stores and Specialty Stores gives a pretty complete picture of the retailing business—its strengths, its weaknesses, and by inference its future. The report is based on data submitted by 385 stores with an aggregate sales volume of approximately \$4.5-billion.

• Good Year—As the table above shows, department stores had a very good year in 1950. Most of their operating ratios were more favorable than the year before or showed no change. As a result,

even increased federal taxes couldn't spoil the profits picture.

The NRDGA experts isolate two major factors that were responsible for the excellent 1950 showing:

Increased sales volume. Department store sales were up about 6% in dollars from the year before.

The major factor in this increase, says NRDGA, was durable goods sales. This meant that specialty stores—which sell almost nothing but soft goods—didn't do quite so well. Their sales were up only 1% over 1949; their net profit up from 2.7% of sales to 3%.

Rising prices. For department stores as a whole, price increases averaged 9.3% between January, 1950, and January, 1951. Price increases meant fewer markdowns than the year before. "This," says NRDGA, "coupled with a moderately increased cumulative markon, gave rise to a substantially higher gross margin."

Price increases were responsible for both the increase in dollar sales volume and for the higher average sales check. Physical volume was not up. The number of sales transactions remained about the same as the year before. The only merchandise to show substantial gains in physical volume, according to Raymond F. Copes, general manager of the Comptrollers' Congress, was hard

• Stable Expenses—At the same time, stores' fixed operating expenses tended to remain stable. Rent, for example, inclines to be sticky in times of inflation; so occupancy expenses stayed on an even keel. Also, department stores were able to get their new business without spending more money in advertising. Comments NRDGA: "Retailers did not increase their advertising budgets during the fall of 1950 in the same ratio as their increase in sales."

• Turnaround—Both department and specialty store people could be happy about one thing: The 1950 figures were a sharp reversal from the year before, when operating statistics had shown a drop from those for the golden year of 1948. Also, last year brought with it a reversal of several long-range post-war trends. For example, cumulative markup (or markon) has been pretty generally declining since the war years. So has gross margin. Last year arrested these declining trends.

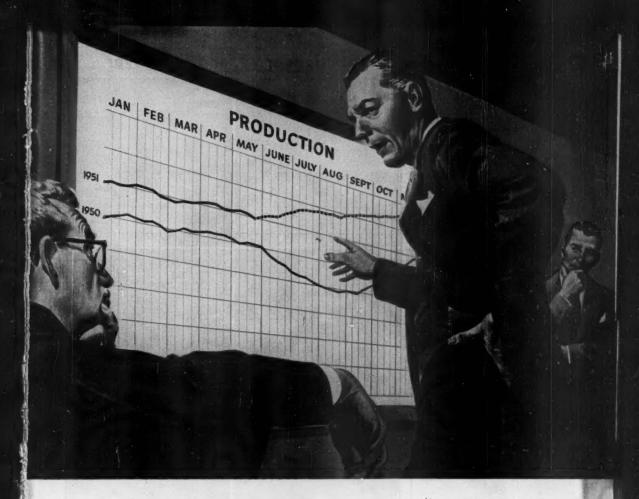
In one important respect, however, last year failed to halt a postwar trend—the increasingly slower turnover of stock. The rate declined slightly again last year. This reflects mainly the rapid buildup of inventory late last year.

Stock turnover has slowed down even more this year. According to the interim report of the Comptrollers' Congress for the first fiscal quarter (Jan. 30 to Apr. 30), out this week, total merchandise liabilities were up 39% over last quarter. (That includes stocks and outstanding orders.)

 The Future—Will the department store picture continue to look as bright as it has during the past year? The group's interim report opens up a mixed prospect.

The bright spots during the first quarter, as compared with the first quarter of 1950, are that value of the average transaction was up, and so was gross margin. Markdowns had decreased.

Even so, net profits from operations were down. (Example: Quarterly report for R. H. Macy & Co., Inc., for the period ending Apr. 28, shows sales of \$80-million, up 11.6% over last year, net earnings of \$497,000, down \$326,000.) And no less than 30% of the reporting stores showed losses for the quarter. The villain in the piece, according to NRDGA, is increased wages, the main factor in increasing administrative and selling costs.



### Battle of the Bulge-1951

"Last summer we had a production slump," the Big Boss said. "This year we must have a bulge instead or our defense orders will not be filled on schedule.

"I know it's a tough assignment," he added. "But our new air conditioning should help deliver the goods."

So goes a late communique on one of today's major battles on the industrial front. The measure of victory or defeat is a bulge on a production chart.

In these battles, air conditioning is a potent weapon. It tames heat and humidity. Improves workers' morale. Reduces absenteeism. Pushes production up and up. Air conditioning keeps parts to precise tolerances. Makes assembly easier. Keeps machines in adjustment. Reduces corrosion.

In the production of aircraft parts, electronic equipment, optical instruments and many other fine products, air conditioning is absolutely essential.

You can scarcely bound air conditioning's usefulness. The record shows that air conditioning in almost any industry will help make goods faster, better, cheaper.

Would you like to know what air conditioning can do for your production? Call the local Carrier office listed in your Classified Telephone Directory. Carrier Corporation, Syracuse 1, New York.

MEN, MATERIALS AND MACHINES benefit from Carrier equipment in such famous companies as these:

B. F. Goodrich Research Center, Brecksville, Ohio

Tennessee Eastman Company, Kingsport, Tennessee

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Powdermet gears, bearings, electronic components, and small assembly parts require no machining ... are delivered to you ready for assembly! Yet they have precision tolerances as close as fine machining can produce. Powdermet parts also help solve your procurement problems, for all necessary materials

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Other important advantages are electrical permeability . . . controlled porosity . . . self-lubrication . lower cost-generally less than half! For savings in time, money, and production capacity, investigate Powdermet!

WRITE FOR FREE BOOKLET Including catalog data on standard bearings and gears

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CASE OF THE PARTY OF THE PARTY

PMP

### The Auctioneer . . . and the Buyer



Once sale is made, auctioneer and PM buyer Tucker Joiner can relax before they start again on a new row. For both auctioneer and buyers it's a job that requires quickness on the trigger all the time.



Piles of tobacco, fresh off the farmers' trucks, are hauled into the warehouse and weighed. The farmer air-cured his crop in his barn, rough-graded it before the auction.



Government graders rate each pile. Crop is price-supported; next year's won't be.



They're off. The auctioneer paces the bidders down the rows. His eyes work as fast as his tongue; he must be sure to catch every bid.

4 Followup. Checkers mark the piles the U.S. will buy. "Clip" eyes work as fast as his tongue; he must be sure to catch every bid.



Followup. Checkers mark the piles the U.S. will buy. "Clip"

# Tobacco Auction: It Takes An Expert in Sight, Sound

"Oily-oily-oily owly-owly-owly-owly aily-aily-aily."

That's the way it sounded at the Maryland tobacco auction at Upper Marlboro, Md. The auctioneer insisted that this liquid cacophony of sound translated simply into numbers-say, "eight-eight-eight nine-nine ten-ten-ten." But only to the initiated ear. · Not in a Day-And initiation into the tobacco business doesn't come in a



Could it be the CINCINNATI Area? We'll gladly measure its advantages against your needs . . . supply the facts to help you decide. And without publicity.

Would central location be of advantage to very 1000 W vantage to you? 40% of the nation's "buyingest" population lives within easy, low-cost reach . . . in a 400-mile circle.

Would nearness to heavyweight basics fit your plans? Coal and steel are practically at your doorstep.

Would you rate transportation facili-ties high on the list? The Ohio River connects you with the entire Central United States . . . serves as a main artery of minimum-cost transportation. Cincinnati is also a point-of-origin on

Would you be interested in a labor force drawn from solid, dependable

hundred interstate truck lines.

eight major trunk rail lines and over a

people . . . with Made-in-America ideas?

These would be advantageous to every business, of course. But you have specific requirements, specific problems. connected with your expansion plans. We'll gladly answer all your questions with an individual study and confidential report . . . to help you decide whether this area is the best spot for your new plant.

For quick and confidential consultation on your needs, phone or write The Industrial Development Department, The Cincinnati Gas & Electric Company, Cincinnati, Ohio.

The CINCINNATI GAS & ELECTRIC Company
The Union Light, Heat and Power Company



Serving homes and industry in the Greater Cincinnati Industrial Area with an adequate and dependable supply of gas and electricity.

day. "It takes 25 years to be a tobacco man, and then you keep on learning," said Wirt H. Hatcher, Philip Morris vice-president in charge of domestic leaf buying. It's his business to know to-bacco. This week, while the Maryland tobacco-auction season was in full swing. he was keeping daily tabs on the markets, prices, grades, so PM would know how to tell its buyers to buy. It's the buyer's business, too. Some

companies have their own buyers; W. H. Winstead Co., subsidiary of Universal Leaf Tobacco Co., does the

buying for PM.

· On the Move-There's no dawdling on the tobacco block. Auctioneer and bidders move steadily down through closely stacked piles of fragrant leaf, sizing up each stack at a glance, rejecting it or bidding. Normal selling speed is 400 piles an hour, say Edelon Bros., who operate the warehouse at Upper Marlboro. That's time enough for the buyer to tell whether a pile is the right weight, color, texture. How does he know? Partly because the leaf is all pregraded before it's put up for sale. But mostly the buyer pays little attention to the grade labels; he knows tobacco "like you know a comma from a period," Hatcher says. But it takes several years to learn it.

Every day the bidder gets his instructions: Buy a certain percentage of the offering. Some of what he buys must be of one grade, some of another, according to his company's particular blend. He must keep within his prescribed ceiling for each grade.

• The Tiny Gesture-Every gesture counts. A twitch of the head, a raised finger is a bid. "I just keep looking at the tobacco if I don't want to bid on it," one buyer said. "If I catch the auction-eer's eye, that means I'm bidding."

On the day that BUSINESS WEEK took its camera to Upper Marlboro, business was light. Too much dry weather had dried out the leaf, made it hard to ship. Besides, Hatcher said, the prices were too high. The heavy bidders were the foreign companies, especially the Swiss.

· Bustling Warehouse-Slow day or not, the big warehouse was bustling. While the buyers squeezed through the prickly rows, the farmers kept a watchful eye on how their crops were moving. Farmers' wives dragged small fry along, too. Mostly they liked what they saw: Business is so good that for the next crop, 1951's, the farmers have voted down price supports.

· Crop Breakdown-Maryland tobacco, which is air-cured, is the smallest part of the total crop. In 1950 Maryland production was roughly 36-million lb.; Virginia flue-cured tobacco, the "bright" leaf, ran around 1.3-billion lb.; burley, close to 500-million lb. Maryland tobacco's great asset is its burning qual-

### So Big It Splits

Fast-expanding Consolidate Grocers Corp. separates its operations into processing and distribution divisions.

Big, sprawling Consolidated Grocers Corp. is reorganizing its operating structure. For a decade the food processor and distributor has been having an expansion spree (BW-Feb.23'46,p80). Now Consolidated has reached the point where it finds it expedient to split into two major divisions:

Distribution. The parent company will continue to have direct charge of this side of the business through such divisions as Reid-Murdoch, Western Grocer, and Sprague, Warner. All told, these divisions will operate through 43

warehouses in 25 cities.

Processing. A new subsidiary, Consolidated Food Processor, Inc., is being set up to take charge of the processing facilities that have been shorn off the distributing divisions. Under the new subsidiary will be 16 canneries and 27 packing plants.

Here's what Nathan Cummings, Consolidated's board chairman, says he hopes to gain from the move: greater efficiency plus "wider distribution" of Consolidated's own brand names and those of its "important private label

customers.

• West Coast-Since Cummings began his empire building 10 years ago, he has bought or merged into Consolidated 10 food companies. Latest to come in are two West Coast concerns: United States Products Corp., a canning company; and Gentry, Inc., packer of dried seasonings. Both of these were merged with Consolidated this year.

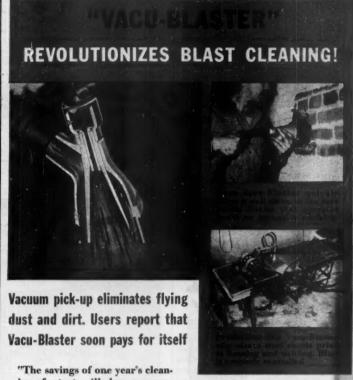
Gentry is one of the two Consolidated properties that will remain outside the new operating setup. It will go on as a separate division. Rosenberg Bros. & Co., San Francisco dried fruit packer, will continue on its own as a

wholly owned subsidiary.

• Going Up-For the fiscal year ending June 30, Consolidated's net business will come to about \$175-million. Next year should be considerably better than that, company sources say. They think that when Consolidated figures in a full year's revenue from the two newly acquired companies sales will hit about \$200-million. According to insiders, about 35% of Consolidated's total business now comes from the processing side, the remainder from wholesaling.

Further expansion is also in the cards for Consolidated. A merger deal is now pending with California's Union

Sugar Co.



ing of retorts will alone repay us the amount we have invested in your equipment."

Van Camp Sea Food Co., Inc.

"Paid for itself in a relatively short period of time."

Lee Rubber & Tire Corp.

Address

Here's the revolutionary new way to blast-clean metal, wood, concrete, brick. Exclusive vacuum pick-up eliminates flying dust and dirt, reclaims and re-uses abrasive. No mess to clean up. Important savings in time and labor. Portable - can be moved to any job by truck, crane or elevator.

Vacu-Blaster cleans tanks and tank cars, inside and out; removes rust and paint from ships and vehicles; edgecleans sheets prior to welding; clean floors, walls and ceilings of food processing and other plants. No dust of dirt to contaminate product or damage machinery.

Hundreds of satisfied users. Mail coupon for details about the only blast cleaner with a vacuum pick-up.

VACU-BLAST CO. Inc. 261 Peninsular Ave . San Mateo, Calif.



Demonstration Can Be Arranged!

Vacu-Blast	Co.,	Inc.,	261	Peninsular	Ave.,	San	Mateo,	Calif.
We would	like y	your	free	Vacu-Blaster	catal	ogue	W	ish to
arrange fo	r den	nonst	ratio	nOur	prob	lem	is	

Position. Company.

BUSINESS WEEK . June 9, 1951

### **BEFORE** TREMCO 101



AFTER TREMCO 101



# YOU, TOO, CAN STOP

THIS is the penthouse of the Hall Building n Vancouver, B. C.—a nulti-storied office building. Two walls of the building were concrete rendered over hollow tile as was the penthouse shown above. In driving



shown above. In driving rain the moisture pene-trated to the interior of the building. Also joints of the glazed tile copings leaked. Tremco's E. S. Bignell recommended treatment consisting of patching insecure areas in the wall, neutralizing and priming all surfaces with a clear resinous primer and following with two coats of Tremco 101 Mastic sprayed to provide a heavy, elastic, impervious covering. New copper flashings and copings replaced troublesome tiles. The result is beautiful to look at and

lags and copings replaced troublesome tiles. The result is beautiful to look at and antirely satisfactory. Experience tells us that a job like this—done at low cost—will last for years without attention. To deal with water penetration is an art that requires "know-how." Ask the rained Tremco Man to show you how to solve such problems at low cost.

TREMCO 101 MASTIC COMPOUND AVAILABLE IN VARIETY OF COLORS. MAY BE BRUSHED, SPRAYED OR TROWELLED







orick, concrete, stucco, ver surfaces. Write for No. 7 for full details.

Products and Methods for Building Maintenance THE TREMCO MANUFACTURING CO. CLEVELAND, OHIO



THESE GLASS WALLS were the arena where John Schwegmann fought to slash prices.



LOW PRICES made store one of the largest. Schwegmann's fight for them made him . .

# The Man Who Beat Fair Trade

New Orleans supermarket operator wins five-year battle against floors under prices. He says it is a crusade to help the salaried man caught in the cost-of-living squeeze.

To shoppers around New Orleans, the glass-walled structure above is just another shiny big supermarket. But to merchants-and consumers-the country over, it has a special significance: It's headquarters of John Schwegmann, the man who fought fair trade to a knockout (BW-May26'51,p25). Some people in the food industry reckon it's the biggest supermarket in the country.

There are two Schwegmanns now in the business. John is president of Schwegmann Bros., Inc. A brother Paul and a third man, Wilfred Meyer, run the firm's two supermarkets along with

him. John manages the new Airline Highway store (above). The other two manage the older market in downtown New Orleans. Still another brother, Anthony, is expected to come into the organization before long.

• Family Tradition-John Schwegmann began his business career working-for peanuts-in a bank. There he met Meyer, and with him decided that the food business was the place he wanted to be. It was a family tradition for the Schwegmanns; the father is a grocer,

From the day the two Schwegmanns

and Meyer opened their first supermarket, in 1946, they had their gunsights set on the fair trade laws. The trio have been price cutters from the start.

At first, Schwegmann ran ads to tell the public he wanted to sell things cheaper than the state's fair trade law would let him. He told people prices were too high, apologized for having to sell at fair-traded margins. In some cases, he refused to handle lines. In others, manufacturers got balky, refused to supply him.

• Mandatory—The feuding got into the slugging stages, in 1948, when Louisiana passed its mandatory law requiring all liquor—except a retailer's own private brand—to be price-fixed under the fair trade statute. Schwegmann openly flouted the law to force a court trial, and, with the help of three other cutrate liquor dealers, finally got the courts to throw the liquor law out (BW—May 14'49,p28).

But the state's voluntary fair trade law was still on the books, and the distillers elected to fix their prices under it. So the Schwegmanns went on fighting. The result became history on May 21, when the Supreme Court ruled that resale price maintenance contracts are

not binding on nonsigners.
Liquor wasn't Schwegmann's only target. In liquor, he was battling Calvert and Seagram. He also was embroiled in court actions over Bayer's Aspirin, International Cellucotton's Kotex and Kleenex, Sterling Drug's Milk of Magnesia, Lever's Pepsodent. All these manufacturers got injunctions against Schwegmann. Now, his lawyers have advised him that on the 25th day after the Supreme Court's ruling he can ask to have the injunctions dissolved.

• "I Want To"—Ask Schwegmann why he fought it out, and he has a ready answer. "The salaried man today is caught in the cost-of-living plus cost-of-government squeeze," he says. "He can't stop eating. But I can sell him food for less, and medicine for a lot less than the drugstore charges, if Im allowed to. And I want to."

"If I lose this thing," he remarked before the Supreme Court had ruled on the case, "I will probably drop the fight. But somebody else will come along to take it up after me, some year." People who have talked with him feel that he really means this—that the cause is what counts.

• Prospering—Fair trade or no fair trade, Schwegmann has prospered. His annual gross sales come to around \$8-million, he says. In 1946 his gross profit margin—gross profit as a percent of total sales—averaged 10%; in 1947 it was 9%; in 1948, 10%. In 1949 it jumped to 13%, slid off to 11% in 1950. Schwegmann explains the higher

margins of the past two years as stemming from the fair trade injunctions slapped on him or threatened. He says he's happy with a 10% margin, wants no more. "We run on a 7% expense overhead," he explains, "and 3% looks good to me."

The Airline Highway store, opened a few months ago, brought him an additional 72,000 sq. ft. He agrees with the experts that it's one of the biggest, if not the biggest, supermarkets in the country. It employs 250 workers, bringing the total Schwegmann payroll up to 450

The new store has everything that man can eat and feed to his dog. Besides the food, there are a gift department, liquors, plant, small trees, shrubs, fountain, staple drugs, dietary supplements, such housewares as pots and

• Long Hours—A terrific worker, Schwegmann works the clock around from 7 a.m. till, 7 p.m.. sometimes later. On late nights, he sleeps in a room he has fixed up behind his office.

In his part of the country, the name Schwegmann arouses no great fires. Most of the local papers have dealt kindly with him on the whole. The liquor and drug people don't dislike him any more than they ever did. And the food wholesalers don't bother with fair trading. A few of his customers have congratulated him on his victory. But to most people, the Schwegmann name means only a store where you can buy a lot of things for a relatively low price.

# Court Liberates Captive Audiences

Though Franklin, Jefferson, and Madison didn't know it, they took steps to protect the U.S. citizen from a form of servitude that is peculiar to the 20th Century. They outlawed the captive audience.

The U.S. Court of Appeals for the District of Columbia last week ruled unanimously that Capital Transit Co. had deprived passengers of "liberty without due process of law," when it forced them to listen to radio commercials broadcast on its streetcars and buses. "The Bill of Rights," the court said, ". . . can keep up with anything an advertising man or an electronics engineer can think of."

• Appeal—The case will be taken to the Supreme Court. Besides Capital Transit Co., several other organizations are involved. One is Washington Transit Radio, which owns station WWDC-FM, from which the broadcasts are received. Another is Transit Radio, Inc., Cincinnati, commercial time-selling agency that handles WWDC's transit broadcast deals; it is vitally concerned



MOTORS . HOISTS

### Prominent Users of Strathmore Letterhead Papers: No. 93 of a Series



CRAFTSMANSHIP makes fine silver
... and quality paper

The craftsmanship heritage of Towle comes from two and one-half centuries of silversmithing that started about 1690 with the Moulton family. It was in 1857 that the first Towle took over the business, in partnership with another Moulton apprentice, W. P. Jones. In 1882 the firm name was changed to Towle Manufacturing Company and it is under this name that the fine old traditions of silver manufacturing are being carried on today.

Such a heritage places upon a company the obligation to keep everything that bears its name in line with its rich tradition...whether it be a piece of sterling silver, or its letterhead.

In its new letterhead design Towle has embodied a modern simplicity that, at the same time, has a distinct feeling of traditional quality. It is this quality that is inherent in Strathmore's fine letterhead papers...that makes Strathmore the choice of companies, like Towle, who realize its importance.

When tradition counts...when your company wants its letterhead to carry a silent message of quality...use the look, the feel, the texture of Strathmore expressive letterhead papers to express "quality" for you. Ask your letterhead supplier to show you proofs of your present letterhead, or to submit new designs on Strathmore papers. You'll see for yourself what a difference quality paper can make.

Strathmore Letterhead Papers: Strathmore Parchment, Strathmore Script, Thistiemark Bond, Alexandra Brilliant, Bay Path Bond, Strathmore Writing, Strathmore Bond. Envelopes to match converted by the Old Colony Envelope Company, Westfield, Mass.

# STRATHMORE OF FINE PAPERS

Strathmore Paper Company, West Springfield, Massachusetts

since it has transportation broadcasting franchises in some dozen other cities. Still another interested party is the District's Public Utilities Commission, which O.K's the broadcasts in the first place.

Lined up against these is a determined group of citizen bus riders, headed by two Washington attorneys, Franklin Pollak and Guy Martin. Bernard Tassler, editor of the American Federationist, an AFL publication, was a ringleader in bringing the flight to an issue. And the American Civil Liberties Union got into the act as a friend at court of the citizens' committee.

If the case is appealed, the broadcasts will go on pending action by the Supreme Court.

#### MARKETING BRIEFS

"Butter plus guns" is the way James J. Nance, president of Hotpoint, describes mobilization. We will have both after 1953, when greater productive capacity makes itself felt.

Wanamaker's has rented two floors of its North Building in New York to the government, may rent more. The store has a long-range plan to concentrate its Manhattan sales activities in its South Building across the street.

A new hybrid will emerge if stockholders of two old-line seed concerns—Peter Henderson and Stumpp & Walter—approve a merger plan. It will then be Peter Henderson-Stumpp & Walter Co. There are plans for opening supermarket seed stores, increasing export business.

Pump primers: Thor Corp. is giving away a bushel of groceries and a peck of potatoes with every purchase of its wringer washer machines. . . . Buying an International Harvester model HA-92 refrigerator in Clyde, Ohio, brings you \$20 worth of food, courtesy of the local distributor and dealer.

A Kroeger sales record was set in the four weeks ending May 19: \$78.3-million. That was 20% better than the food chain did in the same period last year. Previous record: \$78.2-million in late 1950. Sales for the first 20 weeks of this year were \$382.8-million, 21% better than last year.

A tax on soft drinks-1¢ on 12-oz. bottles, ½¢ on 1 oz. of fountain siruphas expired in Pennsylvania. And despite its \$14.5-million annual yield, the legislature won't renew. Bottlers have blamed the tax for lagging sales.



This book was prepared especially for men who are seeking good locations for new factories.

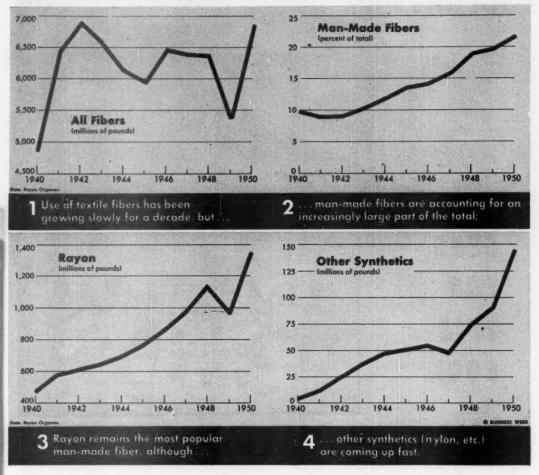
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# FINANCE



# **New Synthetic Fibers Draw Investors**

Wall Street has its eye on synthetic fibers, and on the shares of the companies that make them. If you look at the charts (above) you can see why. Synthetic fibers are in a real growth trend. And that's what a good many investors are looking for.

• Not Yet Separate—Synthetic fibers, of course, are not yet a separate industry. Up to now only rayon has been a big enough business to support major companies that specialize in it alone. Primary producers of the other fibers are mainly chemical companies whose output of synthetics is only a small part of their operations.

But the rayon companies, like American Viscose Corp., Celanese Corp. of America, and Industrial Rayon Corp.,

are now going into the newer synthetics.

And as in other branches of industry, there is at least one special-purpose company growing up in the field. This week Chemstrand Corp., owned 50-50 by Monsanto Chemical Co. and American Viscose, announced it had been licensed by E. I. du Pont de Nemours & Co., Inc., to make nylon. Chemstrand—whose plant construction will be financed by \$110-million of insurance company loans—eventually will make about 50-million lb. That's half the nylon used in the U. S. in 1950. It also plans to make 30-million lb. annually of Acrilan, a new challenger to nylon (BW—May5'51,pl12).

• Users—The synthetic yarns and staples are made into fabrics by textile manufacturers like Burlington Mills Corp. (biggest rayon weaver, about 70% of its production synthetic), J. P. Stevens & Co. (about 50% synthetic), Goodall-Sanford, Inc., Robbins Mills, Inc. (100% synthetic), and Textron, Inc. (about 60%). Celanese fabricates some of its own rayon into cloth.

When you buy textile shares, you're not buying just synthetic fibers. You're buying the problems of the textile industry, which has had some pretty violent ups and downs in the past. Most of these stocks are now selling 10% to 20% below their 1951 highs (table, page 126).

(table, page 126).

Just the same, Wall Street is keeping a hopeful eye on the shares of companies where synthetic fibers are



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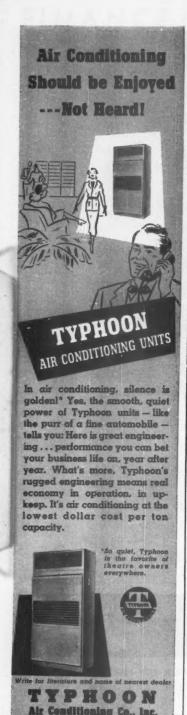


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an important part of the picture. The synthetic fibers have always had certain physical features that cotton and wool could not match. And in the last couple of years, the rapid rise of cotton and wool prices has given the synthetics a tremendous push. Raw cotton, 33½¢ a lb. a year ago, is now selling for about 45¢. Wool tops sold about \$2.25 a lb. a year ago. The Office of Price Stabilization ceiling is now \$3.35. Companies that specialize in synthetic fibers have avoided this kind of price squeeze.

of price squeeze.

• Last 10 Years—Today's major synthetic fiber, rayon, has been around for more than a generation. But its major growth has been in the last 10 years. In 1920 U.S. textile mills used about 8.7-million lb., less than ½% of all textile fibers used that year. It took rayon another eight years to reach the 100-million-lb. level. In the meantime, new ways of making rayon had been worked out, and the product greatly improved. In 1950 mill consumption of rayon was 13½ times what it had

been in 1928.

Though use of rayon is still growing fast, Wall Street is even more interested in the newer synthetics, not made of cellulose. Textile chemistry has reached the point where fibers can be made to fit almost any purpose. New fibers are coming out of the laboratory every few months.

Among the names being tossed around Wall Street board rooms these days are:

Orlon, which in its filament form feels like silk and in staple form like wool. Du Pont expects to have this fade-resistant fiber in mass production by early 1952.

**Dynel**, a wool-like fiber made by Union Carbide & Carbon Corp. (BW–Dec.16'50,p58).

These fibers, along with Chemstrand's Acrilan, are made of acrylonitrile, a chemical compound first used for synthetic rubber. Textile men think that within two or three years chemical companies will be turning out 100-million lb. a year of these acrylic fibers. American Cyanamid Co. and Allied Chemical & Dye Corp. are also working in this field.

There are plenty of other fibers, including:

Dacron (Fiber V), which when blended with wool can make suits wrinkleproof. Du Pont is making this under a British license.

Glass fibers for many industrial uses. They're made principally by Owens-Corning Fiberglas Corp. (subsidiary of Owens-Illinois Glass Co. and Corning Glass Works) and by Glass Fibers, Inc. But other companies are coming into this field fast.

Vicara, another wool-like fiber made out of a corn protein called "zein" by Virginia-Carolina Chemical Corp.

Avisco PE, a new fiber being developed by American Viscose.

These new fibers are expected partly to replace wool and cotton in clothing, floor coverings, and industrial uses. Viscose high-tenacity yarn, a type of rayon, is now preferred to cotton for tire cord. Rayon has already taken over a good slice of the summer suiting field (BW-Nov.18'50,p75) and has replaced carpet wool to some extent. Bigelow-Sanford Carpet Co. is planning to use rayon in about 27% of its carpet production this year, either in all-rayon carpets or in rayon-wool blends.

The new fibers will not just be used by themselves, in most applications. They'll be blended with each other and with natural fibers to fit a wide variety of uses. Vicara, for instance, is being used with wool, nylon, and rayon for purposes as different as hats, artificial leather, and upholstery. Textile chemists believe that the possibilities of blended synthetics have only just been scratched so far.

 Shortages—The investor in syntheticfiber shares probably won't find the picture all rosy. The rayon business is troubled right now with a shortage of cellulose, coupled with increasing military demand for nitro-cellulose. Similar problems might crop up with other synthetic fibers later.

The textile companies are loaded with inventory in many of their lines. But most observers don't expect this to last very long. Military demand for textiles is getting higher. And the outlook later this year is for a high

### Where the Synthetics Companies Stand Now

Recent Price	1951 High	% Change	Indicated Dividend	Indicated Yield
\$62.88	\$66.50	- 5.4	82.50	4.0%
29.00	37.25	-22.1	0.75	2.6
20.75	23.25	-10.8	1.36	6.6
48.34	56.75	-14.8	3.00	6.2
21.50	24.75	-13.1	1.00	4.7
59.00	71.50	-17.5	3.00	5.1
38.25	42.00	- 8.9	1.50	3.9
42.88	49.38	-13.2	3.00	7.0
19.38	23.50	-17.5	2.00	10.3
	Price \$62.88 29.00 20.75 48.34 21.50 59.00 38.25 42.88	Price High \$62.88 \$66.50 29.00 37.25 20.75 23.25 48.34 56.75 21.50 24.75 59.00 71.50 38.25 42.00 42.88 49.38	Price         High         Change           \$62.88         \$66.50         - 5.4           29.00         37.25         - 22.1           20.75         23.25         - 10.8           48.34         56.75         - 14.8           21.50         24.75         - 13.1           59.00         71.50         - 17.5           38.25         42.00         - 8.9           42.88         49.38         - 13.2	Price         High         Change         Dividend           \$62.88         \$66.50         - 5.4         32.50           29.00         37.25         - 22.1         0.75           20.75         23.25         - 10.8         1.36           48.34         56.75         - 14.8         3.00           21.50         24.75         - 13.1         1.00           59.00         71.50         - 17.5         3.00           38.25         42.00         - 8.9         1.50           42.88         49.38         - 13.2         3.00

level of consumer income, along with gradually increasing shortages of durable consumer goods.

For the next few years, companies may be squeezed by price control, particularly those that process rather than produce synthetic fibers. Earnings in many cases will be limited by the excess profits tax.

Even so, the long-term growth trend is plain to see. And to a lot of investors it looks like a good way to hedge against the uncertainties of the next few years.

### Credit Controllers Take Stock

Wilson report urges maintaining all present restrictions, suggests new curbs on bank loans by requiring higher reserves. Congress is likely to balk at new plan.

Back in February President Truman asked four of his top advisers to work out a way to curb private credit without upsetting the government bond market (BW-Mar.3'51,p25).

Last week the first report of the credit controllers was made public. It was no landmark, but nobody expected that it would be. Some of the dragons that the controllers were told to slay had lain down and died of their own accord. The report merely rehearsed what had been done to control credit, proposed that all existing controls be continued.

• Fed vs. Treasury—Things had been far more urgent when Truman called for action. The Federal Reserve System and the Treasury were clashing openly. The Treasury had tremendous refundings coming up in 1951 and would eventually need new money to finance rearmament. For this, it wanted a stable market. Yet the Federal could not check inflation of bank credit if it had to keep pumping cash into the banking system by supporting long-term government bonds at fixed prices.

So Truman asked John Snyder and Thomas McCabe, heads of the warring agencies, along with defense mobilizer Charles Wilson and Leon Keyserling, chairman of the Council of Economic Advisers, to come up with an answer in two weeks. There was talk of using the President's drastic emergency powers over individual lenders, authorized by the Trading with the Enemy Act of 1917 and the Emergency Banking Act of 1933.

• Full Accord—Within a few days, however, the Treasury and the Federal were able to work out a "full accord" between themselves (BW—Mar.10'51, p26). That took the heat off for the time being. Since then, the business slowdown and the success of the voluntary credit restraint program have somewhat calmed inflation fears.

Still, a long-range policy had to be prepared. Wilson appointed five "task forces" from the four agencies concerned to hash out a unified policy.

• More Clashes-It was no easy job. Keyserling and Snyder, on one side, were not interested in having the Federal impose general controls on credit by shrinking bank reserves either through open-market operations, or higher reserve requirements. They favored selective methods, like consumer, stock market, and mortgage credit curbs. They wanted to block expansion of credit for nonessential purposes, while leaving interest rates unchanged.

The Federal Reserve argued that, in addition to all this, there had to be general controls to cut down lending

• One New Idea—Three weeks ago the credit policy report went to the White House, which waited two weeks to release it. The report contained only one original proposal, and that one seems unlikely to get congressional approval. In fact, it's doubtful that the authors of the plan expected that it would. There's a feeling that the whole report was written with an eye to setting up a record for future reference if inflation gets worse.

The new suggestion is a plan to control expansion of loans by all commercial banks insured by Federal Deposit Insurance Corp. The banks would be made to put up additional reserves whenever loans and investments ran above a prescribed level. The scheme would include most U.S. banks, not only those that are members of the Federal Reserve System.

Federal Reserve System.

• Big Change—This would be quite a change from the traditional way of figuring bank reserve requirements. Customarily, they are reckoned as a percent of deposits. Deposits, of course, are carried on a bank's books as liabilities. There's no easy way to relate specific deposits to specific assets, though naturally a good share of deposits are created by loans.

The new plan would work from the asset side. The Federal Reserve would have power to control the types of loans and investments that banks make, through authority to exempt "special" types of assets from the reserve requirements. Of course, cash and balances due from other banks would be spe-

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MILLS MIXERS MAGNETS FRACTIONATORS . DUST COLLECTORS . MILLING EQUIPMENT cifically exempted. So would govern-ment securities. It's obvious that the fiscal authorities didn't want to discourage banks from buying govern-

Suppose the Federal exempted defense loans from the added reserve requirements. That would ease defense credit, while at the same time credit for nondefense purposes would continue to be tight. This new plan would turn a general method of credit control into a way of tightening credit selectively. · Opposition-The loan expansion plan hasn't much chance of getting through Congress, unless inflation becomes a lot worse. Bankers don't want the government to have power to control specific bank loans. Furthermore, since all insured banks would be covered by the plan, it will get plenty of opposition from state banks that are not members of the Federal Reserve System. Their opposition did a lot to kill Marriner Eccles' proposed secondary reserve plan several years ago.

For its part, the Federal maintains that you can't apply new restrictions to member banks and not to nonmember banks. Too many banks might drop

out of the system.

### Auto Insurance Rates Reward Teetotalers

If you don't mix your drinking alcohol with gasoline, you can save money on auto insurance in some western states.

Your pledge to abstain before driving is part of the application you sign with the Mayflower Interinsurance Exchange. This Seattle concern is writing auto coverage in Washington, Oregon, California, and Utah, has applications pending in other states.

• Readymade Market-Utah turned out to be fertile ground for the new temperance policy. The state is predominantly Mormon, and Mormons abstain as a matter of religious precept. Thus the Mayflower organization had a readymade market-a long list of known nondrinkers who are eligible for the reduced temperance insurance pol-

Mayflower does offer standard auto insurance, but it is the temperance policy that means business in Utah. Wayne B. Gold, Salt Lake City agency chief, reports that his sales almost doubled each month in the first few months after he opened offices late in

· Lower Rates-The temperance policy offers savings of from \$6 to \$15 a year. A 1948 Pontiac owner saves \$2 on the company's membership fee, \$4 a year on property damage and public liability (\$5,000 and \$10,000), and \$2 a year

on \$100 deductible collision insurance.

To qualify for a temperance policy, a motorist must sign a statement that he will not drive after drinking any alcoholic beverage—including beer. But if he does go on a binge and cracks up, the company still has to pay off. Utah law forces it to.

#### FINANCE BRIEFS

City income tax has been approved by the voters of Saginaw, Mich. It's a 1% levy on locally earned salaries, wages, and business profits. A big factor in selling the tax to voters was the fact that it brings with it a cut in the property tax from 10 to seven mills per \$1,000.

Auto liability insurance has been hiked in New York State: 20% for bodily injury coverage, 10% for property damage. The Insurance Dept. says "staggering underwriting losses" recently "have clearly demonstrated that previously existing rate levels were inadequate."

New manpower acquired in the deal was a "paramount factor" behind the purchase of New York's Commercial Bank & Trust Co. by Bankers Trust Co. (BW-Apr.28'51,p131), according to a top Bankers Trust official. The shortage of trained bank personnel is currently even worse than in early World War II days.

Commercial paper rates have been boosted again, for the third time since mid-March. Interest rates now range between 24% and 2½%, compared with 2½%-2½% just previously, and 1½%-2½% in March.

Bank merger: St. Louis' Mississippi Valley Trust and Mercantile-Commerce Bank & Trust Co. will unite on Sept. 1 if stockholders and regulatory authorities approve. At the end of 1950 the combined resources of the two banks were some \$663-million, compared with the \$552-million reported by First National, long the city's largest bank.

Conversion of AT&T 31% 1959 debentures into stock is moving rapidly. Recently, \$371.8-million had been tendered for conversion; only \$22.6-million were outstanding. Reason for the rush: conversion price rises from \$130 to \$140 a share on June 19. The stock is now selling on the Big Board at around \$154.

Stockholders of Champion Paper & Fibre Co. will be asked on July 25 to approve doubling of present authorized stock and a 2-for-1 stock splitu.

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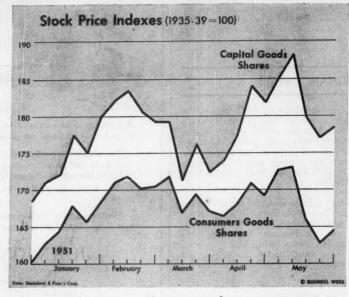
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### THE MARKETS



# Capital Goods Look Better

Shares keep well in front of consumer goods issues as rearmament picks up. Two stocks have seesawed in investor interest with the ebb and flow in Korea.

The gradually increasing tempo of rearmament is keeping the capital goods shares well ahead of the consumer goods shares (chart). Ups and downs in the relative popularity of these two major types of stocks have pretty well followed the pattern of events in Korea.

Back in March, when there was a lot of talk about peace moves, Standard & Poor's index of consumer goods shares came close to its capital goods stock index. Then, as the Reds opened a new offensive, the capital goods leaped ahead.

· Bigger Benefit-As the international outlook has changed, investors have shifted their attention from one type of stocks to the other. They figure that if there is going to be a long drawn-out period of semiwar, or even a total war, the capital goods industries, which supply the bulk of military requirements, are going to benefit most.

Naturally, profit margins are lower on government business. But investors figure that, in a real rearmament program, materials allocations and credit controls are going to hit the consumer goods industries harder than they will the capital goods sector of the economy.

· But They Wonder-Every now and then, buyers begin to wonder whether

the international skies won't clear up, after all. Then the gap between the consumer goods index and the capital goods index begins to narrow.

That's what happened last fall after our landing at Inchon brought an abrupt change in Korea. Standard & Poor's capital goods index and its con-sumer goods index were both gaining then. But the consumer goods shares moved up much faster (BW-Oct.21 50,p108).

The pattern was a bit different this March, when rumors of an early Korean settlement were all over Wall Street. Then the market was moving down. But the consumer goods shares moved down more slowly than the capital goods shares.

· Now CMP-During the past month, peace rumors have again been getting a lot of attention in Wall Street. Once more the market has been going down. But the gap between the capital goods index and the consumer goods index has staved pretty much the same.

Investors have been discouraged from buying the consumer goods shares by the tough CMP setup that goes into effect on July 1 (BW-May19'51,p21). Defense contractors are going to get preference on steel, copper, and aluminum. Consumer goods manufacturers are going to have trouble getting all the metal that they need to keep up production.

• Doldrums—The market as a whole remains in the doldrums. Though the Dow-Jones averages are holding up pretty well, daily volume of stocks traded on the New York Stock Exchange hasn't been much above 1-

million shares for some time. Buyers are still on the sidelines.

They have a lot to think about. Besides the new metal allocations, the new General Manufacturers' Price Regulation seems likely to put the squeeze on profits (page 27). Furthermore, it looks as though corporate income taxes and the excess profits tax may be boosted before the end of the year.

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### How Earlier "Korean Market" Gains Slipped

	Pre-			"Korean Market"		
	Korean		went Range			iains
1116	Level	High	Low	Price	Maximu	m Now
Industrial Commons						
Dow-Jones Average	224.35	263,13	197.46	246.79	17.3%	10.0%
Air Reduction		\$31.50		\$27.87	55.6	19.9
Allied Stores	38.00	48.50	32.75	41.75	27.6	9.9
American Locomotive	14.50	24.25	13.25	18.50	67.2	27.6
American Smelting & Refining		80.37	50.00	74.00	47.8	85.8
American Woolen	26.00	46.87	24.75	34.62	80.3	33.3
Anaconda Copper	32.12	44.75	29.00	40.12	29.3	24.9
Bethlehem Steel	38.00	60.00	34.25	50.00	87.9	81.6
Bristol-Myers	25.00	35.37	23.37	31.75	41.6	27.0
Celanese Corp. :	37.00	56.75	31.00	48.50	53.4	31.1 -13.8
Chrysler Corp	80.00	84.50	62.50	69.75	5.6	-13.8
E. I. du Pont de Nemours	80.00	102.50	65.50	93.50	28.1	16.9
General Electric	49.12	56.62	41.25	52.50	15.3	6.9
General Motors	48.62	54.75	38.06	48.25	13.6	-0.8
Gimbel Bros	18.00	24.87	- 14.75	18.50	38.2	3.8
B. F. Goodrich	32.92	58.50	27.66	52.50	77.7	59.5
Gulf Oil	72.00	92.37	62.50	85.25	29.3	18.4
International Harvester	28.37	37.37	25.12	32.50	81.7	14.6
Johns-Mansville	49.00	59.62	36.50	51.50	21.7	6.1
Radio Corp	22.00	21.00	14.62	19.00	-4.8	-13.6
Republic Steel	38.50	49.50	33.25	40.25	28.6	4.6
Sears, Roebuck	47.87	58.00	40.00	52.12	21.2	8.9
E. R. Squibb	36.75	56.50	29.50	50.37	88.7	87.1
Standard Oil (N. J.)	78.25	121.37	69.62	111.62	68.1	43.6
Swift & Co	37.00	40.00	33.50	34.37	8.1	-7.1
Union Carbide & Carbon	49.00	61.62	40.12	58.12	25.8	18.6
United Aircraft.	28.00	41.12	27.12	28.62	46.9	2.2
United States Rubber	44.00	67.37	38.37	63.75	58.1	44.9
United States Steel	36.00	47.75	31.00	40.12	33.6	11.4
Westinghouse Electric	36.00	41.00	29.12	36.50	18.9	1.4
West Virginia Pulp & Paper	54.50	89.25	44.50	83.00	63.8	52.3
and a						
Utility Commons						
Dow-Jones Average	43.95	43.91	37.40	42.32	-0.1	-3.7
Cleveland Electric Illuminating	\$45.37	\$46.75	\$38.37	844.37	3.0	-2.2
Commonwealth Edison	32.00	30.00	26.37	28.00	-6.2	-12.5
Consolidated Edison	32.75	31.87	26.12	31.00	-8.7	-6.3
Consolidated Gas, El. Lt. & Power	27.00	26.25	23.00	25.00	-2.8	-7.4
Detroit Edison	23.87	23.62	21.37	22.00	-1.0	-7.8
New England Electric::::	12.75	12.75	10.25	12.12	-	-4.9
Pacific Gas & Electric		34.75	30.50	32.62	-1.8	-7.8
Philadelphia Electric:::	27.00	28.62	23.37	27.50	6.0	1.9
Southern California Edison	36.00	35.25	31.25	33.00	-9.1	-8.3
Southern Co	12.25	12.25	10.25	11.00	-	-10.2
Railroad Commons						
Dow-Jones Average: :	55.85	90.08	51.24	78.11	61.8	39.9
Atchison, Topeka & Santa Fe	118.25	\$177.75	\$106.75	\$152.00	80.8	20.5
Atlantic Coast Line	46.75	82.00	43.00	68.25	75.4	46.0
Chesapeake & Ohio	27.00	38.25	25.00	30.12	41.7	11.6
Chic., Milw., St. Paul & Pac	11.25	30.00	9.25	20.00	166.7	77.8
Great Northern (Pfd.)	35.87	57.75	33.75	49.50	61.0	38.0
Illinois Central	41.00	75.25	36.00	56.75	84.8	28.4
Louisville & Nashville	35.75	59.50	35.00	51.00	66.4	43.7
New York Central	13.50	26.25	11.62	17.00	94.4	25.9
Pennsylvania	16.00	26.25	14.75	18.50	64.1	18.6
Southern Pacific:	55.75	74.37	50.50	63.12	33.4	13.2
Southern Ry	36.75	64.00	33.25	50.75	74.1	36.1
Union Pacific	85.12	109.50	81.00	102.75	28.6	20.7
		207.00				

# DEFENSE BUSINESS

## Clear Decks for CMP

NPA had a pleasant surprise when the first 4B applications turned out to be properly filled in. As a result, allotments can start flowing next week.

By May 31 U.S. manufacturers were supposed to tell Washington how much steel, copper, and aluminum they would need to carry them through the first three months of the Controlled Ma-terials Plan. Less than one out of three of the required 4B forms got to Wash-

ington on time.

But that didn't keep CMP officials from looking as pleased as kids under a Christmas tree. What pleased them was that the 4B forms-the applications for materials from makers of essential goods not on government contractwere, for the most part, filled out to the last dot. That meant that allotments could begin going out to industry next week, well in advance of the July 1 start of CMP.

Actually, the business divisions of National Production Authority could have begun issuing allocations early this week. But they had to wait until the military got rolling on its 4A allotments (covering companies with government orders). Now with the 4B allotment kickoff scheduled for June 11, both 4A and 4B producers may begin to get allocations in volume next week.

• Applications Pour In-On the May 31 deadline, only 13,000 4B applications had been received for the steel, copper, and aluminum that CMP will allot in the third quarter. But an additional 17,-000 applications rolled in over the weekend. By the end of the week, the total was edging toward the 45,000 CMP expects to process before the controlled materials are all handed out.

Latecomers are flooding NPA with requests for an extension of time. They're not getting it-but that doesn't mean a thing. CMP applications, either for new allotments or for changes in existing allotments, will be processed at any time. There'll be no penalties for late filing, except that the forms will take their place at the bottom of the pile. NPA expects stragglers for months, though the bulk of materials will be allocated before July 1.

· Heat Put on 4A's-The military handled its 4A's differently. It officially set June 8 as a sort of last-ditch deadline for contractors who couldn't meet the May 31 date. CMP operators in the Defense Dept. were instructed to put the heat on prime contractors held up

by lack of information from subcontrac-

The rules allow 4A applicants to make a guess at their subcontractor needs, if necessary to meet the filing deadline. And guesses can be on the high side, with excessive allotments re-

turned later without penalty.

• Military Screens Orders—This week the military's CMP staff is giving 4A applications a quick run-through to check on amounts of materials requested. They already have advance allotment forms ready to be returned to applicants who pass the first screening. Industries that get a CMP-10 form back from the military instead of a routine advance allotment notice will know their application was changed for some reason. But either an advance allotment notice or a specific allotment on CMP-10 will allow producers to start allotments to subcontractors.

### **Building Control**

NPA is delegating authority to license construction projects to government agencies and Commerce Dept. field offices.

National Production Authority is getting its construction controls machinery into shape to operate smoothly under the Controlled Materials Plan. It's taking a tack toward decentralizing authority, distributing the burden of licensing decisions among other government agencies.

• Eight Agencies-NPA plans this week to delegate licensing power for new building projects to eight claimant agencies. Applications for licenses will go directly to these agencies for screening. The agencies, in turn, will report approved projects and their allotments of controlled materials back to NPA.

Of the eight agencies, the Federal Security Agency will handle applica-tions for schools and hospitals; Commerce Dept.'s Bureau of Public Roads and Civil Aeronautics Administration will process highway and airport projects; Interior Dept. is responsible for electric power, minerals and metals,

solid fuels, and fisheries; Petroleum Administration for Defense will screen oil and gas projects; Defense Transport Administration will handle storage and port facilities; farm and food processing projects will come under Agriculture Dept.; VA hospitals will go to Veterans Administration; and the Housing & Home Finance Agency will take over applications for housing projects.

Except for housing, where building restrictions are based on different standards, the agencies will pass on all projects that require 25 tons of steel

· Field Office Function-The first step in the decentralization program came last week. NPA authorized the 30 Commerce Dept. field offices that are now handling applications for licenses on commercial projects to take over applications for industrial and public works projects that are not under the jurisdiction of the eight claimant agencies. Originally, all licensing for industrial and public works projects was to be handled by NPA in Washington.

The new authority covers jobs that don't require more than 50 tons of steel or that don't cost more than \$1million. Anything bigger must still be passed on by NPA in Washington.

Further, NPA plans this week to authorize seven more Commerce Dept. field offices to pass on requests for con-

struction licenses.

· How to Allot-The method of alloting materials to projects is now under discussion at NPA. The question is whether to grant nonquantitative blanket allotment authority to each job or to issue specific quarterly allotments of materials. Structural steel stands out as the tightest material requiring 100% allocation. A suggested compromise would put structural steel on a quantitative allotment basis, by quarters, and grant blanket allotment authority for other materials.

### Ready for Reconversion

Westinghouse Electric Corp. is trying to solve its postmobilization reconversion problems in advance. It has just started work on a huge plant for jet engine components, but the plant is designed for a quick switch to electric refrigerator manufacture as soon as the emergency is over.

The new plant will occupy a 350acre site just outside Columbus, Ohio. It will have floor space of 1.9-million sq. ft. and is covered by an accelerated amortization certificate issued earlier this year. Westinghouse won't disclose plant cost, but the certificate sought a fast writeoff on about \$25-million.

When the plant is going on jets it will need about 1,500 workers. As a refrigerator plant, it will employ from

6,000 to 7,000.

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Who Gets Orders?

Pentagon says 21% of all prime contracts go to small business. Of rest, smalls get 35% through subcontracting.

Small business is a delicate problem in Washington-but the Defense Dept. can lay figures on the line that make

you wonder why.

• How It Stacks Up-In the mobilization setup, small business-acting mainly as subcontractors-appears to be getting a sizable share of the defense dollar.

The Pentagon, of course, has every reason to play up the share the smalls are getting. Even so, its breakdowns are significant under any interpretation. For instance: The current military budget is \$87-billion. At the present rate, the Pentagon says 21% of this amount will go to small business-concerns with fewer than 500 employees. That means 79% will go to so-called big business.

Of the 79%, though, between 35% and 40% will be subcontracted, government officials figure. Much of that amount will naturally be subcontracted

to small business.

· Many Primes-In numbers of contracts awarded, the small business share is even more revealing. From July 1, 1950, to Mar. 31, 1951, small business got 1,076,750 contracts, or more than 73% of the total number let.

In 1950 small business concerns were prime contractors on procurement of one-half to two-thirds of all photographic goods, food, industrial and construction machinery and tools, plumbing, heating, and air-conditioning fixtures, and office supplies. In addition, small business copped contracts for one-third of all electrical goods and equipment, chemicals and paints, and medical supplies.

Quite naturally, only 2% of the orders for ships, aircraft, engines, and turbines went to small concerns. However, if you remove some of the largeend items-which no small businessman is equipped to produce-small business received prime contracts for more than 40% of the other goods bought. And to that you add the unknown total of its subcontracts on the large items.

• Subcontracting Grows-Government policy today is to expand the nation's production base-to have several companies manufacturing the same end item. The idea is to get wider dispersal and to build a greater production

Coupled with this, there's a growing acceptance of the fact that the most efficient operation comes from a limited expansion, plus a farming out of a large proportion of total work. That means more and more subcontracting.

This is particularly true in the aircraft industry, which gets a husky \$26-billion of the \$87-billion procurement total in fiscal 1951-52.

Of this, about 46% goes to the major aircraft producers. From 40% to 50% of this total will be subcontracted, roughly as follows: engines 30%, electronics 7%, propellers 2%, armament 5%, and other contractors 10%.

### Celler Will Probe Dollar-a-Year Men

The policy of manning defense posts with businessmen is going to have to do a little brickbat dodging. It may make it harder for Washington to lure good men into mobilization jobs. But there'll

be no radical change in the setup.

• Another Probe-Rep. Emanuel Celler's House Subcommittee on Monopoly is taking a dim view of the situation. So there's going to be an investigation.

Starting June 11, the committee will call on top mobilizers to explain why so many officials in agencies like DPA, NPA, and DEPA work for nothing or as per-day consultants-and still drawing salaries from their companies.

Celler will also look into the amount of influence industry advisory committees are having in the decisions involving prices, materials, tax amortization, and procurement.

It's all designed to find out whether the little man is being squeezed.

· Quota on Businessmen-President Truman has tried to keep down the number of businessmen coming into the government on a "without-com-pensation" basis. He's told the agencies to hire "WOC's" only when they can't get a man on salary or when there's no competent government careerist to do the job. And the Civil Service Commission may review exceptions periodically to see if a WOC is still needed.

But as the controls on materials and prices move more and more into normal business. Washington is finding that it simply has to have experienced men. And, government salaries being what they are, the mobilizers find the only way they can get some executives is to get them in for a short term on no salary or for a longer period as fairly well paid consultants.

• Industrial Concentration-But Celler, who views all government dealing with General Motors or General Electric as more evidence of industrial concentration, demands that brakes be as tight as possible.

He wants the Justice Dept. to police the activities of business advisory committees to the letter of the Defense Production Act.

### Conversion From Oil to Coal

That's the government's aim. By hoisting the price ceiling by 30 f a bbl., it is giving a sharp nudge to consumers.

Conversion from oil to coal-that's now an announced policy of the government.

You get it this week in Amendment 2 of Ceiling Price Regulation 17 from the Office of Price Stabilization. Price Stabilizer Michael DiSalle increased the ceiling price of No. 6 commercial standard specification residual fuel oil around 30¢ a barrel. This wiped out the price advantage fuel oil had over coal of comparable heating value. Now coal prices are from 1¢ to 15¢ more attractive than oil—depending on geographical location.

Effective June 4, the new ceiling price ranges from \$2.16 to \$2.51 a barrel; at New York the new price will be \$2.45, 14¢ higher than the equiv-

alent in coal.

• Inventory—OPS reasons for tipping the balance in coal's favor was to give oil dealers, particularly on the East Coast, a chance to build up inventories against winter peak demand.

against winter peak demand.

At present East Coast dealers would enter the winter with only a 15-day supply. There are only 15.1-million bbl. on hand, while around 18-million bbl. are needed to enter the winter safely.

The 20-million bbl. of fuel oil a year that diversion would save would

come in handy should the Iranian nationalization fight cut off supplies to U.S. allies in Western Europe.

The Munitions Board for some time has been urging conversion. Most industrial plants that had to convert during World War II can do so again because they've never scrapped their coal-burning equipment. Indeed, electric utilities have been converting on their own for the last few months. In March utility consumption of coal was up 25.5%; meanwhile fuel oil had gone down 29.8%.

 Price Lever—The manipulation of fuel prices vis-a-vis coal prices is the first deliberate application of a policy that OPS had been working into shape for

some time.

Using prices to shift production and consumption from short items to those in more plentiful supply is part and parcel of DiSalle's thinking. He sees price ceilings as not merely a hold-theline matter; they can and should be used to spur production.

Eventually, this technique can be expected to show up on pricing of manufactured goods to protect supply of, say, low-priced shirts. Manufacturers would be given a better profit margin than they would on the fancy, more expensive item.



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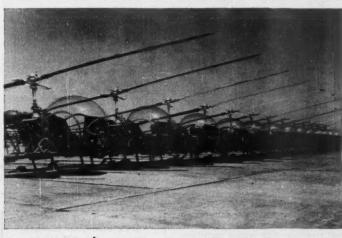
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# CHECKLIST: Defense Regulations

The following listing and condensed description cover all the material and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

### Materials Orders

Lead: Increases the required acceptance of DO orders to 25% of a dealer's anticipated monthly production; also requires refiners to set aside 5% for "hardship" cases. M-38 as amended (May 28).

Used rails and axles: Restricts delivery of used railroad rails and axles from locomotives and railroad cars to make available a greater number for reuse or as scrap. M-64 and M-20 as amended (May 28).

Zine: Requires acceptance of DO orders up to 20% of manufacturers anticipated monthly production of special high-grade slab zine; all other grades remain at 10%. M-9 and M-15 as amended (May 28).

School desks and seats: Removes restrictions on use of iron and steel for desks and seats needed in new school construction. M-47 as amended (May 29).

Fuel oil storage tanks: Delegates authority to Petroleum Adm.inistration for Defense to assign DO-48 to purchase orders for steel required in construction of petroleum and gas storage facilities. NPA Delegation 13 (May 29).

Tin for milk cans: Permits until July 31 use of 25% tin plate for milk cans holding less than 5 gal. of powdered whole milk. M-25, Amend. 2 (May 31).

Metal printing plates: Requires owners of obsolete printing plates made of copper, aluminum, zinc, chromium and nickel to scrap plates that have been held for undue periods with no specific and assured future use. M-65 (May 31).

Artificial graphite: Regulates supply and distribution by limiting inventory and prohibits, with certain exceptions, deliveries not covered by allocation authorizations to be issued quarterly by NPA. M-66 (May 31).

Steel for consumer goods: Sets use of iron and steel in manufacture of consumer durables in the third quarter at 70% of the base-period rate of con-

sumption. M-47 as amended (June 1).

Aluminum foil: Limits amount of aluminum foil for protective packaging

aluminum foil for protective packaging to .005 in. thick or less, except for DO orders and other packaging closures regulated by M-26. M-67 (June 1).

Aluminum: Exempts retail dealers who must assemble aluminum parts at the point of installation from M-7's provision that limits assembly to 50's of the base-period rate. Also increases use of aluminum to make aluminum wool for aircraft maintenance and automotive airfilters to 65% of base-period use. M-7, Amend. 1 (June 1).

Oil and gas industry: Priorities aid provides assistance for domestic and Canadian producers for production and construction operations and sets up program to bring oil and gas industries under CMP. M-46 as amended and M-46B (June 1).

Passenger cars: Limits use of steel, copper, and aluminum for passenger car production during the third quarter M-68 (June 2).

Sulfur: Orders sulfur suppliers to ship sulfur only when authorized by NPA and limits users to 100% of last year's rate of consumption. M-69 (June 2).

### **Pricing Orders**

General price procedures: Reissues general procedures to be followed in establishing and adjusting ceiling prices. Price Procedural Reg. 1 Revised (effective May 26).

Metal food containers: Sets Mar. 15 as cutoff date for calculating increased cost of materials. CPR 22, Amend. 4 (effective May 28).

Experimental rubber products: Exempts these products from price control until sales exceed \$1,000. GOR 3, Amend. 1 (effective June 2).

Burlap: Sets dollar-and-cents ceiling prices on import purchases of burlap with specific percentage markup ceiling prices on domestic resales. CPR 40 and CPR 31, Amend. 2 (effective May 24).

Wholesale and retail pricing: Permits retailers and wholesalers to increase or decrease ceiling prices if manufacturer has increased or decreased his prices under CPR 22. Also gives relief to wholesalers and retailers caught in squeeze by GCPR. GCPR Suppl. Reg. 29 (effective May 28).

Alcoholic beverages: Permits whiskey

The Pictures—Cover drawings by Jim Cutter. Acme=27, 112 (bot.); Combine=148; Int. News=25 (top.); Bob Isear=38, 100, 101; Standard Oil Co. (N. J.)=79; Dick Wolters=23, 70, 71, 116, 117.

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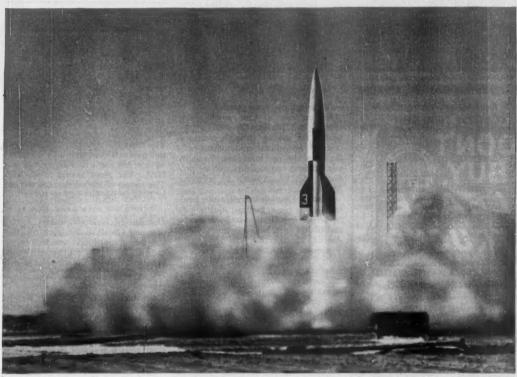
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distillers to use an alternative method for computing "parity" adjustments for bulk sale and to raise ceiling prices to reflect higher cooperage costs; wine makers may raise price ceilings to cover higher costs of 1950 vintage; malt beverage makers may increase bottle deposit charges; and sellers who are subject to state or local price-posting or similar laws may increase prices in accordance with such laws. GCPR Suppl. Reg. 30 (effective June 1).

Shoe manufacturers: Sets new formula for establishing ceiling prices for sales of shoes by manufacturers. Procedure is more closely related to customary practices in the industry than is possible under GCPR. CPR 41 (effective June

Retailers: Permits retailers with less than \$100,000 annual net sales to continue pricing under GCPR for housewares, notions, sporting goods, silverware, china, glassware, jewelry, watches and clocks. CPR 7, Amend. 5 (effective May 28).

Canned vegetables: Sets ceiling prices on the 1951 pack of certain canned vegetables. CPR 42 (effective May 31).

Manufacturers and machinery orders: Extends effective dates of CPR 22 and CPR 30 from May 28 to July 2.

Cotton textiles: Extends effective date to July 2 and clarifies certain terms of the regulation. CPR 37, Amend. 1 (effective May 28).

Manufactured farm products: Provides processors of farm products not covered by CPR 22 with windfall provisions for passing through increased costs of agricultural commodities selling below the legal minimum. Exempts sales of farm commodities sold by producer. GCPR, Amend. 13 (effective May 28).

Poultry: Exempts miscellaneous poultry such as geese, guineas, squabs, pigeons, quail, partridges and pheasants, and rabbits from price control. GCPR, Amend. 12 (effective June 5).

Apparel: Clarifies articles excluded from CPR 22. CPR 22, Amend. 7 (effective June 1).

Zinc scrap prices: Establishes dollarand-cents ceilings on zinc scrap. Permits deliveries for seven days at prices above the new ceilings to carry out earlier contracts. CPR 43 (effective June 6).

Cottonseed meal: Permits sellers of cottonseed meal and other cottonseed feed products to add increased transportation costs in acquiring materials due to local shortages. GCPR Suppl. Reg. 31 (effective June 6).

Restaurants: Amends restaurant price regulation to clarify application of the base-period provision to eating establishments that keep records by periods of four weeks instead of on a monthly basis. CPR II, Amend. 2 (effective June 9).

Import filing extensions: Simplifies filing requirements for importers and extends deadline for filing reports to July 15. CPR 31, Amend 3 (effective June 1).

Live cattle: Provides that CPR 23 will become effective for slaughterers' accounting periods starting on or after June 4. CPR 23, Amend. 1 (effective May 31).

Surgical sutures: Establishes ceiling prices on sales of green sheep intestines to manufacturers of surgical sutures. GCPR Suppl. Reg. 32 (effective June 4).

Needlework: Permits contractors for needlework services in Puerto Rico to add allowed wage increases to ceiling prices. CPR 14 (effective June 4).

Nickel: Permits sellers of primary nickel products and sellers of rolling mills, foundry, and similar products containing more than 5% nickel to increase ceiling prices by 6¢ a lb. GCPR Suppl. Reg. 33 (effective June 2).

### DEFENSE BUSINESS BRIEFS

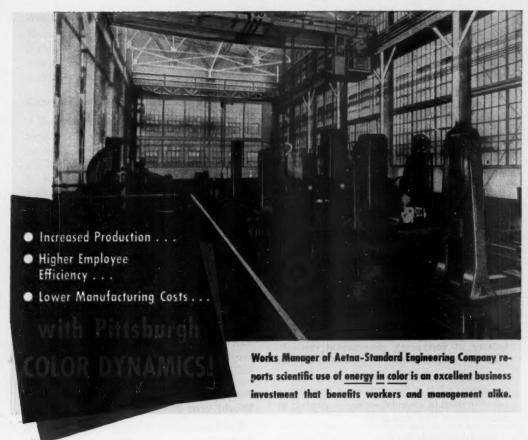
More rubber will go to civilian consumers in the third quarter. NPA is allotting 294,200 long tons for non-military output, 11,000 tons more than the second quarter, 29,000 tons more than the first. The boost is in synthetic; natural rubber is being cut from 103,600 tons to 96,500 tons.

The copper shortage has cut the brassmill-products business back to about 40% of last year's rate, distributors told NPA. The glum answer from NPA: The copper pinch will last till the end of 1952 or the first half of 1953.

Upholstered furniture makers want a place on CMP's B list. Left off, they tear the supply of steel wire will dry up. If it does, they'll fight, backed by the argument that NPA is supposed to help small business.

Sheet steel, 14 gauge or lighter, is easier to get if you order it cold-rolled instead of hot-rolled. NPA passed the tip to makers of electrical outlet boxes. Meanwhile, underwriters are testing 16-gauge steel for outlet boxes as a means of saving metal.

Wood-boring bits will be too scarce for military and essential civilian needs unless steel companies produce more small size hot-rolled bars. Bit makers told NPA they're falling behind on orders, despite use of cold-drawn wire and other substitutes. They asked NPA to survey planned output of hot-rolled bars, ½ in. and less in diameter.



PITTSBURGH can present no more convincing statement of the many benefits that result from the use of COLOR DYNAMICS—based upon the scientific principles of the energy in color—than this letter from R. D. Johnson, Works Manager of The Aetna-Standard Engineering Company of Youngstown, Ohio, consultants, designers and builders for steel and non-ferrous industries.

• "We are pleased to summarize what application of your system of COLOR DYNAMICS has done for our Ellwood City, Pennsylvania, plant.

 "It was our custom to paint our plant and equipment periodically, mainly for the purpose of protecting surfaces.

"Pointing can be a business investment, the same as machine tools and equipment. When a machine tool is purchased, the effect this tool will have on cost savings, production, employee efficiency, etc., are considered very carefully. Why not apply this rule to painting?

• "With this thought in mind, we asked

color engineers of The Pittsburgh Plate Glass Company to visit our plant to explain the advantages of COLOR DYNAMICS.

"The survey was mode and the suggestions made by Pittsburgh color engineers were highly acceptable to our management.

• "In a recent survey we were pleased with the reactions and comments of our plant employees.

(a) General appearance was greatly improved.

(b) Better light reflection from ceiling and walls caused less eyestrain,

(c) Specially marked lines signified hazards and helped to reduce accidents.

(d) Housekeeping was simplified, Employees take pride in their work area and help to keep it clean.

(e) Improved morale belped to increase efficiency as well as to create better industrial relations.

 "Considering every factor, we believe that Pittsburgh COLOR DYNAMICS has contributed greatly to the success of our operations."

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• Why not investigate what Pittsburgh COLOR DYNAMICS will do for your plant? For a complete explanation of how this scientific painting system can be made to work for you, send for our free, profusely-illustrated booklet.

Better still, let us make a detailed COLOR DYNAMICS study of your plant for you—free and without obligation. Call your nearest Pittsburgh Plate Glass Company branch and arrange to have one of our trained color engineers see you at your convenience. Or mail coupon.

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# WHY Controls are Necessary

One of the encouraging characteristics of the American people is their dislike for government controls. This augurs well for the future of their economic and political freedom.

But for the next few years we must not only tolerate but also help to make effective a whole battery of emergency government controls over our economic life. If we fail to do this now the future of that freedom we cherish will be imperilled. It is the purpose of this editorial—the third in a special series—to explain in simple terms why this is so.

After our military victory in World War II, we rushed through a demobilization which cut our military strength to about one-tenth of its wartime peak. Our allies did much the same thing. But the Russians maintained much of their wartime military strength and built up that of their satellites. With prodigious speed we switched from military to civilian production and went on to enjoy a rousing postwar boom—the greatest in our history.

This boom was in vigorous progress when, on June 25 last year, the Russian-sponsored North Korean army attacked South Korea. Our industrial production was rolling along at almost twice its prewar level. We had labor shortages in many key industrial areas. Under the impact of heavy buying all along the line, prices were climbing.

When the North Koreans smashed into

South Korea they smashed into our national consciousness this fact: if we want a fair chance to save our national freedom from destruction by Communist aggression, we must race to restore some of the military power we had so speedily written off after World War II. And we must do it with our resources already very fully occupied with a boom in civilian business.

### Program Small Compared to World War II

Compared with our military effort in World War II, the mobilization on which we are now embarked is small. At its peak, under present schedules, it will absorb no more than one-fifth of the total national production. During World War II we reached a point when nearly half of our total production went for war-making.

Moreover, our economy now is much bigger and stronger than it was in World War II. During the last decade there has been an increase of about 15 percent in our labor force. Our workers have had the training advantage of steady employment. The capacity of our industrial establishment is two-thirds again as great as it was ten years ago. Since the war no less than \$70 billion has been spent to expand and modernize it.

Given time, the industrial giant we have created could pick up in its stride the added load of production for defense that now is contemplated. But speed is of the very essence. There is little dissent from the proposition that if we are to stand off Russian aggression successfully we have, at the outside, two years in which to get ready.

### **Controls Needed to Prevent Chaos**

These two facts — (1) the necessity for speed in our rearmament program and (2) an economy already stretched taut by a record civilian boom—create the general necessity for government controls. If we simply pile the billions of added defense expenditures authorized since last June on top of the civilian boom, and let it go at that, two destructive developments would follow. There would be a scramble for scarce materials, notably metals, which would create chaos in those markets. And prices would go through the roof.

Our situation during this mobilization is radically different from what it was when we rushed to get ready for World War II. Then we started with an economy that was coming out of a long depression. There was plenty of slack. Even in mid-1941 we still had over 6 million unemployed. Thus it was possible for us to expand war production greatly and also increase civilian living standards before the limits of our productive capacity made extensive controls necessary. But as we begin this new mobilization we find our economy already operating virtually at capacity. This fact is of key importance in understanding why this relatively small defense program so quickly requires the imposition of controls.

The selection and administration of controls thus far has been badly bungled. The threat of price controls, for example, was broadcast so vigorously and for so long that our people were virtually asked to raise prices and thereby do much to defeat the controls. Adequate taxation directed so as to attack inflation at the source and thus give direct price control a chance to operate has not yet been provided.

Indeed, we could readily assemble a long and devastating catalog of the deficiencies of the government's control program. But that would not dispose of the necessity for controls—by priority, by allocation, and, as a stop-gap, by direct prescription of selling prices—if we are to carry out our mobilization successfully. That is the only means by which a clear right of way for defense production can be cut through the highways of trade and commerce now jammed with civilian boom business.

### Hope In The Wilson Plan

Since he became Director of Mobilization, Charles E. Wilson has added a new element of order and hopefulness to the mobilization program. He has laid out a plan which, if we are spared all-out war, would do three things by 1953. First, it would produce the weapons needed by our army and our allies to meet an immediate threat. Second, it would create the capacity that would enable us to move at high speed into weapons production for all-out war—if necessary. Third, it would create the additional production capacity that would restore by that date our ability to resume the climb of the American civilian standard of living.

In technical and industrial terms the Wilson Plan seems to be feasible. If it is successfully carried out, we should be able to begin getting rid of controls rapidly by 1953. But to carry out the program successfully, it must now have vigorous support from everyone. That does not mean mere agreement that it is a good plan. It means that we must conform to the controls that are necessary to make the plan work. In developing this support, the business community is in position to exercise crucially important leadership.

As has often happened in our national history, we are confronted by a paradox. We must accept emergency controls for the time being to insure survival of the freedom that they infringe. But, as we do this, we may find some comfort in the reflection that while controls from Washington are hateful, controls from Moscow would be infinitely worse.

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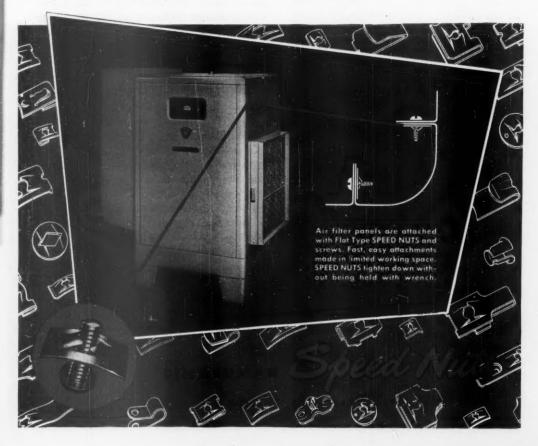
# WITH Clean 40% Savings



"Our cost department has advised me that they have calculated a 40% savings in assembly time due to the use of SPEED NUTS\*," writes Mr. E. W. Meyers, Jr., President of Trion, Inc.

"In addition to the actual savings in cost, SPEED NUTS permit disassembly of our Trion Electric Air Filters, as installation and operating conditions may require. Other fastening methods would not provide this flexibility of design.

"Another very tangible savings in using SPEED NUTS is the lack of shipping difficulties caused by vibration loosening of parts." In this letter, Mr. Meyers emphasizes three of the most outstanding SPEED NUT assembly advantages—time-saving, design flexibility, and minimized shipping damage. There are many more. Chances are your product can be improved and your costs cut by these versatile fasteners. A Tinnerman Fastening Analysis will show you how. Write today for details and your copy of the new "Savings Stories" booklet. TINNERMAN PRODUCTS, INC., Dept. 12, Box 6688, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.



## INTERNATIONAL OUTLOOK

BUSINESS WEEK



Moscow has outmaneuvered the West in the Big Four agenda squabble. The Russians now say they're ready for a Washington meeting of the foreign ministers—if it also covers the Atlantic Pact and U.S. bases in Europe.

Washington can't buy these conditions, of course. That would be like saying the U. S. is causing world tension today. What's more, it would pull the rug from under Eisenhower in Europe.

But the U.S. can't just call it quits, either, at least not right away. Then the Russians would pin the blame on us for the breakdown. That's the sort of propaganda weapon Moscow would like to use in the French election campaign.

What really worries Western diplomats, though, is the shift in Russian tactics at Paris.

First, Gromyko seemed eager for a Big Four meeting, mainly to discuss German rearmament. Then Gromyko's line changed to attacks on the North Atlantic Treaty Organization. And today he acts as if he no longer cares whether there is a conference or not.

So the Westerners are wondering what's behind Moscow's calculated campaign to pin world tension on the U. S. Is the Kremlin planning to threaten Western Europe with war unless NATO shelves its arms program?

Paris is all against breaking off the agenda talks now.

French officials say that would give Moscow a big propaganda victory; the Communists could say that the West is planning war.

So the French government will press Washington and London to try for a compromise with Moscow. Paris would discuss the Atlantic Pact and U.S. bases as long as that didn't commit the West to halt its rearmament.

The French government wants above all else to block any Soviet move that would help the Communists in the June 17 elections.

The French Reds polled nearly 5.5-million votes in the 1946 elections. And most observers have been predicting they won't fall too far short of that this time. Given a Soviet propaganda coup, there's no telling what might happen.

The Communists already are making the U. S. the villain of their campaign. Red election posters show an octopus with dollar signs for eyes and a head covered with stars and stripes. The tentacles of the octopus grip a map of France and the caption reads "France doesn't want to be a colonized nation."

Only the de Gaullists are matching the election drive of the Communists.

London also may press Washington to keep trying for a Big Four meeting.

True, the Foreign Office doesn't think much can come of further talking in Paris. But the Attlee government fears the public reaction to a complete breakdown.

The Labor regime would be blamed by its left wing for being "too tough" with Russia, and by its right wing for incompetence in foreign affairs.

London is growing more optimistic about the situation in Iran.

The British figure they can still salvage a lot from the upcoming negoti-

## INTERNATIONAL OUTLOOK (Continued)

JUNE 9, 1951

ations, barring another outbreak of violence. They, with the Iranian government, also think that their bargaining position can only improve if the talks in Teheran stretch out endlessly. It will give the Anglo-Iranian Oil Co. time to prepare countermeasures against the loss of Iranian oil output.

Of course, London expects to lose some of its oil revenue. But probably the chief loser will be tax authorities rather than Anglo-Iranian shareholders. (Taxes on the oil company's income have been netting the British Treasury about \$60-million a year, or more than Iran has been getting from royalties.)

U. S. strategy in Korea is to hold the line somewhere near the 38th parallel, fend off any new Chinese offensive.

Washington hopes this strategy will bring the "stalemate victory" that General Ridgway has talked about.

Some U. S. officials figure that the Chinese may themselves decide to hold their present line. But that wouldn't mean they are anxious to talk peace terms with the U. N. Right now, the Chinese seem bent on keeping the war going in Korea.

Any settlement in Korea will have to be a purely military one, as far as the  $\overline{U}$ . S. is concerned.

Washington will refuse to make any concessions on Formosa or Red China's bid for membership in the U. N. In fact, Secretary of State Acheson now talks of using a U. S. veto to keep Peiping out.

U. S.-British differences over a Japanese peace treaty are melting away as John Foster Dulles and Foreign Secretary Morrison get down to brass tacks in London

Morrison no longer wants the Russians and the Chinese Communists in on the treaty. And Dulles apparently is ready to work out a compromise formula leaving two disputed points in the air: (1) the future of Formosa; and (2) the problem of whether the Nationalist regime should sign the treaty.

As things look now, the treaty should be ratified by the end of 1951.

Look for closer economic ties between the British Commonwealth and Western Europe if the Conservatives come to power in Britain.

A group of European and British Commonwealth businessmen already are discussing plans to extend Commonwealth tariff preferences to the Marshall Plan countries.

British Conservatives think this is one way of resolving the conflict between two commitments they've made—to bolster the empire and promote British-European economic integration.

Canada, though, will be a big stumbling block. Ottawa won't hear of an enlarged preference bloc that excludes the U.S.

ECA plans to finance the expansion of Rhodesian copper output with big loans from its 5% of the counterpart fund London set aside in sterling to match the grants from ECA.

A loan (equivalent to \$8-million) is being discussed now with the Mufulira Copper Co. Repayment is to be in stepped-up deliveries to the U.S.

Private American interests probably would have put up the money for the expansion program. But the British government said that would involve a permanent dollar drain via transfer of dividends to the U.S.

## BUSINESS ABROAD



PRIMITIVE METHODS mean high costs, help rouse the clamor for the nationalization of these Andean tin mines.

# Bolivia's Tin Trouble Flares Up Again

Bolivians are just now beginning to simmer down after another political upheaval, the most recent in a long history of turbulent, often bloody, revolution. Early last month, Bolivia held free elections. Soon after, the army took over and declared the elections null and void

The trouble, like just about everything else in Bolivian life, centered around tin. The 40,000 tin miners are clamoring for nationalization of the mines, which produce 77% of Bolivia's total exports. Their movement, much like the oil-nationalization drive in Iran, bodes ill for Bolivian tin production just at a time when the world is clamoring for greater supplies.

• Exiled Leader-Spearhead of the nationalization movement is Victor Paz Estenssoro, who was way out in front in the presidential election that the army reversed. Paz Estenssoro-an exile in neighboring Argentina—is backed by the miners and his own National Revolutionary Movement (MNR), close

kin to Hitler's National Socialism. MNR is the strongest thing in Bolivia, save, perhaps, the army.

The army move, say Bolivian officials, was to save the country from the "real and immediate" danger of revolt. For even though he didn't have the absolute majority that the Bolivian constitution requires, Paz Estenssoro appeared to have the mass of workers behind him. That left the outgoing, middle-of-theroad regime of President Urriolagoitia with three choices: Let the feared exile take office; have the government-dominated congress name another candidate as president, risking revolt; or engineer an army coup.

The government decided on the coup as the best way out. What's more, the Big Three tin producers (the Patino, Hochschild, and Aramayo interests) obbiously favored the army and order.

• Slipping—For years the Big Three had controlled Bolivia through its tin. But that control is waning fast. In the army-canceled elections, only one of

the six candidates dared come out strongly against nationalization—and he fision well down in the second divi-

Firmly united against the Big Three are the illiterate and undernourished miners, descendants of the Indian slaves who first began mining silver for the Spanish conquistadores in 1545. Economically, the miners are cemented in one big industrial union; politically, the MNR holds them together.

Agitators are calling on them to "unify their blood, sweat, and tears to-wards the day of liberation from Yankee imperialism." This, despite the fact that there is little U.S. ownership in the Big Three. Two of them are internationally held, the third (Aramayo) belongs to Bolivians.

 Patino Plan—Like many other Latin Americans, Bolivians blame the foreignowned companies for siphoning off national wealth, pouring little back into the land. In March the Big Three tin companies came up with the "Patino



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# "...The problem is transport, to link these areas with the rest of the world ..."

**BOLIVIAN UPSET begins on p. 145** 

Plan," which would invest \$2-million yearly in agriculture and industry other than tin. Another \$1-million would go to build up tin mining itself.

Ten years ago the plan would have been hailed as patriotic progressiveness. But it's too late now for many Bolivians to see it as anything more than a lastditch attempt to stave off nationalization of the mines.

The explosive situation leaves Bolivia's future bleak, discourages the vitally needed expansion and foreign investment. Today Bolivia ranks last in real wealth among 10 South American republics, though it rates a lot higher in potential riches.

### I. Tin Is Everything

Bolivia's economy is exclusively extractive. Minerals are 84% of exports; 92% of mineral exports is tin. Bolivia must import food to keep its 3.4-million population fed.

Even though Korea doubled tin prices (to around \$1.40 a lb.), Bolivia's exports last year hit a 10-year low, 31,714 tons (about 20% of the world's total supply). Conservative estimates by Big Three officials indicate that Bolivia could ship 40,000 tons yearly; back in 1929 it did export 48,000 tons.

The very nature of Bolivian tin mining keeps it on the ropes. It's a high-cost operation, transport is tortuous with mines anywhere from 12,000 to 17,000 feet above sea level. Ores are low-grade now, reserves shape up to be even lower. Bolivian tin suffers chronically from competition with low-cost mining in Malaya, Indonesia, and Africa.

 Cartel—Prewar, Bolivia managed to stay in business because the other producer countries in the old tin cartel allowed it a minimum position. During World War II and immediately thereafter, the ability to market tin without regard to price kept Bolivia going. More recently, until Korea, Bolivian tin has been in a bad way.

Other factors besides operating costs have hampered investment. The disastrous Chaco War with Paraguay in the early 1930's, the ensuing default of Bolivian bonds, and more recently a plethora of government controls and taxes have made Bolivia look less and less inviting to outside money.

In 1949, 59% of Bolivia's internal tax revenue came from the mining companies, plus 89% of all the government's foreign exchange. In 1950 the government decreed that 100% of foreign exchange earned by the companies

be turned over to the government-leaving them to work with nothing but bolivianos in three different rates of exchange. Last fall Bolivia's regime reconsidered at the behest of U.S. Ambassador Irving Florman and allowed the companies to keep 42% of their foreign exchange take. In return, the Big Three promised to boost exports to 35,000 tons yearly.

### II. Hope for Development.

Bolivia is divided into three distinct compartments, which Bolivians call the "Altiplano," the "Valley," and the "Jungle." In the past, all attention has been focused on the Altiplano and its vast mineral wealth. But the Valley, sloping down from the Andes toward Brazil, is capable of great growth. So is the Jungle area, vast savannahs stretching to the east and north. The problem is transport, to link these areas with the rest of the world.

Just about the only link now is Lloyd Aereo Boliviano, a trim, 15-plane airline that's one of the few progressive elements in the country. It was started by Germans in 1925, has since been nationalized and operated with help from Pan American-Grace Airways. In addition, there's a wretched, often impassable, net of dirt roads. A small railroad runs throughout the Altiplano, but doesn't reach down to the Jungle.

• Railroad—A new highway is now abuilding—with the help of U.S. engi-

abunding—with the help of O.S. engineers—to join the valleyland with the city of Santa Cruz in the east. Some day Bolivians hope Santa Cruz will be the terminus of a railroad linking them with the Atlantic at Sao Paulo, Brazil. Such a road, often talked of in Brazilian and Bolivian circles, could change the entire face of the Bolivian economy.

Bolivia has oil and this year is importing only 20% of its needs. Just over two years ago, Bolivia had to buy 90% abroad. There are two refineries (capacity: 6,000 bbl. daily), and a pipeline in the works. Bolivians hope for a small export surplus some day—but the amount can never be important without tremendously expensive oil and transport development. That would mean heavy U.S. investment.

In the northern flatlands Bolivia has large herds of wild cattle, basis for a small meat industry. But the herds are being exploited with little thought for restocking. There's wild rubber, too, that is being worked spasmodically. During the war, the U.S. tried to push Bolivian rubber development; but with the war over the project was left to die.



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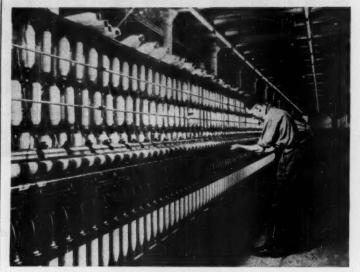
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## Its Mills Are Old, But Britain . . .



## .. Counts on New Textile Machines

LONDON—In Britain's postwar exports, textiles have played a small role compared to metal products. But now, with defense orders cutting deeply into hard-goods exports, Britain is falling back on its oldest industry to make up a good bit of the loss. And the country is counting on postwar textile modernization to pay off.

The government's goal is a 20% increase in textile exports. That's a tall order for an industry already crimped by shortages of raw materials. Because there isn't enough sulfur, British rayon output is running 10% behind last year's. So the synthetic industry can't be expected to contribute much.

• Raw Materials-Cottons and woolens aren't in so bad a spot as rayon, but

they, too, are having raw material troubles. Deliveries of U. S. cotton are down. And the substitute cotton that's available can't be spun into the same types of yarm.

With prices sky high, the woolen industry has cut its purchases of virgin wool during the last six or eight months; in many plants reused wool is being substituted. Keeping enough manpower is a problem, too. And the shortage of rayon will hit both cotton and woolen industries; they have been planning to boost rayon consumption to offset shortages of primary fibers.

Still, there's a good chance that cot-

Still, there's a good chance that cotton exports can be boosted considerably this year. And woolens should be up, too. For the first four months of 1951, cotton exports have exceeded last year

by £20-million; woolen exports are up £15-million. Part of the increase is due

to higher prices.

On the basis of these figures, cotton exports should better 1950 by at least £50-million and woolen exports by £40-million. That would about give the government its 20% over-all increase. But it's unlikely that either cotton or woolen exports will stay so high throughout the year—unless home consumption is cut down.

 New Test-Fortunately for Britain, this new test for textiles comes when a pretty full recovery has been reached from the industry's low point of 1945.
 By the end of World War II, pro-

By the end of World War II, production of cotton and woolen yarns was only half of prewar. Exports of cotton yarn had dropped to less than 20% of prewar, cotton cloth exports to one-third. Exports of woolen cloth were down 60%.

The wartime concentration of industry had halved the labor force and compelled hundreds of cotton and wool firms to shut down. Both industries started out in 1945 with old buildings, much obsolete machinery, and poor labor relations resulting from 20 years of heavy unemployment. Productivity averaged only one-third to one-half of that in the U.S.

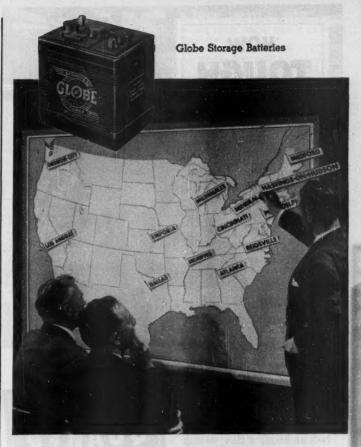
• Double Blow-Even today cotton feels the effects of two terrible blows it suffered between the two World Wars—the Indian import tariff of 1923, which killed Lancashire's biggest market, and the growth of Japanese competition. By 1938 cotton cloth exports were barely 20% of 1913. Even today, output and exports of cotton cloth are only two-thirds of 1938.

Modernization of the cotton industry has been far from spectacular, though. It has all happened inside the shells of old buildings. Not a single new cotton spinning mill and only a few weaving mills have been built since 1925. But new equipment, new methods, and new processes have been installed throughout the industry.

Productivity is still far below American standards. But today this is largely owing to a different type of production. Lancashire concentrates on more fine counts (above 80) and more high-grade cloths needing short runs. There's less mass production in Britain today than 30 years ago simply because the India and Chinese bulk trades have vanished.

• Woolens—The strength of Britain's woolen worsted industry still lies in over 1,000 small family firms that weave special cloths. Large firms have been growing larger since the war in the combing, dyeing, and finishing of wool and also in worsted spinning. But the separation of these processes from weaving is still universal.

The labor shortage in woolens has



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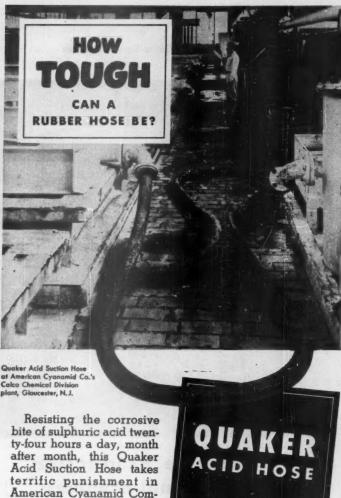
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been a big incentive to modernize. Today's plant is relatively good; increases up to 30% in output per manhour have come about by better layout.

Britain claims the outstanding spinning invention of the 20th Century -the Ambler Superdraft for worsted spinning. This was invented in 1946 by Geoffrey Ambler, an RAF vice-marshal and member of an old Yorkshire spinning family. The device has reduced prespinning preparation to a minimum. Cotton, too, has made some notable advances in equipment, including a new high-draft speed frame and automatic winding and warping ma-

chinery for cotton spinning.

• Synthetics—The biggest advances of all have naturally been made in rayon. Beside much American plant (imported or made under license), the British have introduced two important items of their own-the Nelson continuous spinning machinery and Courtauld's FNF knitting machine.

It's in rayon and other synthetic textiles that British recovery has been most striking. Output of filament yarn is 60% above prewar, and rayon staple is up 130%. About \$200-million has been spent on new equipment and plants. Last year the industry had twice its prewar output with only 25% more labor, on shorter hours.

Rayon production is now being limited by shortages of sulfur and sulfuric acid. Courtauld's, Britain's biggest synthetic producer, has been maintaining output by importing sulfuric acid from France at six times the normal cost. Wood pulp and cotton linters are also in tight supply.

### BUSINESS ABROAD BRIEFS

New plants in Britain: Decre & Co., Moline, Ill., will build an agricultural machinery plant in Scotland, with production to get going within two years. . . . Galion Iron Works & Mfg. Co., Galion, Ohio, has a new British subsidiary to manufacture motor graders, with a factory under construction at Wakefield, York.

Cheap air fares to Europe on all international airlines will be available October, 1952, the International Air Transport Assn. has decided. It's part of a long-range effort to boost mass air travel; one-way fares between London and New York should be as low as \$225.

Colombian business: Sears, Roebuck is thinking about setting up shop in Bogota. . . . E. R. Squibb & Sons has bought land in Cali, plans to start drug manufacturing there sometime in the future. Abbott Laboratories may expand its operations on Cali. . . . U. S. investors in Colombia are looking for a new government decree regulating foreign investment. They expect a more liberal policy regarding transfer of earnings and capital.

Canadian capers: Leading chemical companies have mapped expansion programs amounting to some \$150-million, of which \$10-million is aimed at beating the sulfur shortage. . . Canada's Fourth International Trade Fair opened last week in Toronto-with more U.S. machinery manufacturers exhibiting than ever before. . . Work has begun

on Canada's largest catalytic cracker, at Imperial Oil, Ltd.'s Sarma (Ont.) refinery. The cracker, plus a new distillation unit, will boost the refinery's capacity 30%, to 71,000 bbl. daily.

British engineers have landed a juicy \$2.8-million contract in the U.S. Simon-Carves, Ltd., Stockport, will build a battery of 40 coke ovens in St. Louis for Great Lakes Carbon Corp.

A census of U.S. business abroad is in the works at the Dept. of Commerce. It calls for information on the size and makeup of all U.S. direct foreign investments. Commerce officials figure the census will show a value of \$13billion, nearly double what it was eight years ago.

An "Italian Fair" will be mounted by R. H. Macy & Co., New York, next fall. The store is turning over the entire fifth floor to the project, has hopes of promoting a continuing market for Italian consumer goods in the U.S.

Another oil refinery—the fourth in five years—will be built in Mexico by Pemex, the government oil monopoly. It will go up at Mazatlan and will be the first refinery on Mexico's Pacific coast. Capacity: 10,000 bbl. daily.

### ADVERTISERS IN THIS ISSUE

## Business Week-June 9, 1951

THE ADVERTISING COUNCIL	
AIR MAZE CORP.  Janenos—Inatten, Barton, Durstine & Obborn, Juc.  ALEGHENY LUDLUM STEEL CORP.  AGENCS—Waller & DOWNING, General Agency— ALUMINUM CO. OF AMERICA.  AGENCS—Puller & Smith & Ross, Inc.  AMERICAN CHEMICAL PAINT CO.  88  AGENCS—BAY Adv. CO.	
Agency-Walker & Downing, General Agency ALUMINUM CO. OF AMERICA. 52-53	
Agency-Fuller & Smith & Boss, Inc.	
ABERICAN CHEEN COULD A MARINT CO. 41 ABERICAN CREDIT INDEMNITY CO. 41 ABERICAN CREDIT INDEMNITY CO. 41 ABERICAN FOREIGN INSURANCE ABBOC. 74 ABERICAN FOREIGN INSURANCE ABBOC. 74 ABROCA-TINES & DERRICK CO. 104-105 ARROYS—N. W. AVEY & SOL, Inc. ART METAL CONSTRUCTION CO. 47 ART METAL CONSTRUCTION CO. 47	
AMERICAN FOREIGN INSURANCE ASSOC. 74	
AMERICAN HOIST & DERRICK CO104-105	
ARMCO STEEL CORP	
Agency—N. W. Aver & Son. Inc. ART METAL CONSTRUCTION CO. 47 Agency—Mocey, Humm & Johnstone, Inc. "AUTOMATIC" SPRINKLER CORP. OF AMERICA. 94	
"AUTOMATIC" SPRINKLER CORP. OF AMERICA	
AUTOWATIC" SPRINKLER CORP. OF AMERICA & TORROS. IN.  AUTOPOINT COMPANY 60  ASSETS AUTOMATICAL STREET	
BAKER-BAULANG CO	
BALTIMORE & ONIO RAILROAD 85 Agency—The Richard A. Foley Adv. Agency	
Agency—The Fensholt Co. 4	
Agency—Rogers & Smith	
Agency—Alian Marin & Assoc	
Agency-Klau-Van Pietersom-Duniap Assoc., Inc.	
Agency—Sutherland-Abbott, Adv. BROWN BOVERI CORP	
Agency—Corbin Adv. BUNDY TUBING CO	
BUNDY TUBING CO. 14 Agency—Brooke, Smith, French & Dorrance, Inc. CAPITAL AIRLINES . 75 Agency—Lewis Edwin Hyan	
CARRIER CORP	
CHRYSLER CORP., DODGE DIV 85	
CAPITAL AIRLINES Agency—Levis Edwin Ryan CARNIER CORP. 115 Agency—No Ayer & Son, Inc. CARNIER CORP. 15 Agency—Hoss Roy, Inc. THE CINCINNATI CAS & ELECTRIC CO. 118 Agency—Stockton-West-Burkhari, Inc. CLARK HOUSTRIAL TRUCK DIV. 68 COLSON CORP. eller, Gebhardt and Reed, Inc.	
CLARK INDUSTRIAL TRUCK DIV. CLARK EQUIPMENT CO	
COLSON CORP. 79	
CONTAINER CORP. OF AMERICA3rd Cover	
Agency—Needham, Louis and Brorby, Inc	
Asency—Marsteller, Gebhardt and Reed, Inc. COLSON CORP. 79 Agency—Carr Ligget Adv., inc. CONTAINER CORP. OF AMERICA. 3rd Cover Agency—N. W. Aver & Son, Inc. CUMMINS Refigite Co., INC. 35 CUMMINS Refigite Co., INC. 36 Asency—Rikhasser-Drew DAVIDSON CORP. Agency—Wasteller, Gebhardt and Reed, Inc. 62 Agency—Marsteller, Gebhardt and Reed, Inc.	
Agency—Kirkgasser-Drew DAVIDSON CORP. 62 Agency—Marsteller, Gebhardt and Reed, Inc. THE DOALL CO. 103, 109 Agency—Arthur C. Rarnett	
Agency—Marsteller, debbardt and Reed, Inc. HE DoAL CO. Asency—Arthur C. Barnett  Agency—Arthur C. Barnett  Agency—Constoke & County Inc.  BERHARD FABER PENCIL CO.  BERHARD FABER PENCIL CO.  ELECTRIC STORAGE BATTERY CO.  16	
Agency-MacManus, John & Adams, Inc. DUREZ PLASTICS & CHEMICALS, INC 83	
Agency—Comstock & Co. EBERHARD FABER PENCIL CO	
EBERHARD FABER PENCIL CO	
ELWELL-PARKER ELECTRIC CO 37	
ELWELL-PARKER ELECTRIC CO. 37 Agency—The Bayless-Kerr Co. 138 Agency—Needham & Grobmann, Inc. 138 Agency—Needham & Grobmann, Inc. 138	
FEDDERS-QUIGAN CORP. 73 Agency—Horace A. Laney, Adv.	
Agency-Hammond-Goff Co.	
Agency—The Hayles-Kerr Co. 138 THE ESSEX HOUSE	
FOX RIVER PAPER CORP. 71 Agency—Scott Inc. Adv. Agency FRICK CO. 62 Agency—Waynesboro Adv. Agency H. B. FULLER CO. 110 Agency—Olmstead & Foley. Adv.	
Agency—Waynesboro Adv. Agency H. B. FULLER CO	
GENERAL AMERICAN THANSPORTATION	
Agency—Weiss & Geller, Inc.	

Agency—The Buchen Co.
Agency—The Buchen Co. GENERAL ELECTRIC CO. 57 Agency—G. M. Basford Co.
Agency—G. M. Basford Co.
CHEMICAL DEPT
Agency—Benton & Bowles, Inc.
AMERICA THE DEFORMATION OF THE PROPERTY OF THE
Agency-Kenyon & Eckhardt, Inc.
Agency-Marschalk & Pratt Co.
GLOBE-UNION INC
THE B. F. GOODRICH CHEMICAL CO. 4th Cover
Agency—The Griswold-Eshleman Co.
Agency-Kudner Agency, Inc.
Agency Dudgeon Taylor & Bessel Inc
GRAND RIVER DAM AUTHORITY 90
Agency-Watts, Payne Adv., Inc.
Agency—Campbell-Ewald Co., Inc.
HILTON HOTELS CORP.  Agency—Neotham & Grohmann, Inc. HOOKER ELECTROCHEMICAL CO. 72 Agency—Charles I. Burnill & Co., Inc. HOTPOINT ING.  Agency—J. R. Pershall Co. JACK & HEINTZ PRECISION INDUST., HIC.  HIC.  HIC.  BY
HOOKER ELECTROCHEMICAL CO 72
Agency-Charles L. Rumrill & Co., Inc.
Agency-J. R. Pershall Co.
INC. HEINTZ PRECISION INDUST.,
Agency-Fuiler & Smith & Ross, Inc.
JOHNSON BRONZE CO
JOHNSON & HIGGINS129
HIG. PRINTE PRECISION INDUST.  HIG. PRINCE & Britis & Hoss, Inc.  JOHNSON BRONZE GO.  JOHNSON & HIGGINS.  JOHNSON & HIGGINS.  29  Augney—Docemus & Co., Inc.  REASBEY & MATTISON CO.  SEARCH & MATTISON CO.  S
Agency-Geare-Marston, Inc.
DIV. HAMILTON-THOMAS
Agency—The S. C. Baer Co. R. G. LeTOURNEAU, INC
Agency—Andrews Agency, Inc. 48
Agency—Andrews Agency, Inc. THE LORD BALTIMORE HOTEL
MARINE OFFICE OF AMERICA
AgencyPrince & Co., Inc.
THE McBEE DO. 63 Agency—C. J. LaRoche & Co.
METALS & CONTROLS CORP. SPENCER THERMOSTAT DIV
Agency-Sutherland-Abbott, Adv.
METROPOLITAN LIFE INSURANCE CO 33 Agency—Young & Rubicam, Inc.
Agency-Jasp-Orr Co. MINNEAPOLIS-HONEYWELL
REGULATOR CO
Agency-Foote, Cone & Belding
Agency—D'Arcy Adv. Co., Inc. 98
MINNEAPOLIS-HONEYWELL   REGULATOR CO.   137
Agency—Potts-Turnbull Co
MOSLER SAFE CO
Agency—Stockton-West-Burkhart, Inc. NATIONAL BLANK BOOK CO
NATIONAL MOTOR BEARING CO., INC 125
NATIONAL TRUCK LEASING SYSTEM
Agency—Sutherland-Abbett NG CO., INC. 125 APPROVED TO THE CONTROL OF T
GENERAL MOTORS CORP 20
Agency-Albert Frank-Guenther Law, Inc.
Agency—Albert Frank-Guenther Law, Inc. NORFOLK & WESTERN RAILWAY CO
NORTON CO
Agency-James Thomas Chirurg Co.
NOX-RUST CHEM. CORP. 43 Agency—Cruttenden & Eger
THE OSBORN MANUFACTURING CO 54
PACIFIC INTERMOUNTAIN EXPRESS
Agency-Brisacher, Wheeler & Staff
PAROUND PAPER CU
Agency-Wilson, Haight & Welch, Inc.
NOX-RUST CHEM. CORP. 43 Agency—Cruttenden & Egger His CO. THE OSBORN MARUFACTURING CO. Acree.—Removed Committee Co. Acree.—Removed Co. Acree.—Removed Co. Acree.—Removed Co. Acree.—Removed Co. Acree.—Wheler & Staff PARSONS PAPER CO. 112 Agency—Wilson, Haight & Welch, Inc.

PEOPLES FIRST NATIONAL BANK & 127
Agency—Ketchum, MacLeod & Grove, Inc.
PHILCO CORP
PITNEY-BOWES, INC
PITTSBURGH SOKE & CHEMICAL CO 67
Agency-Ketchum, MacLeod & Grove, Inc.  MILCO GRP. 96  Asency-Hutchins Adv. Co., Inc. 96  PITNEY-BOWES, INC. 128  PITTSBURGH COKE & CHEMICAL CO. 67  Agency-Walker & Downing, General Agency  PITTSBURGH PLATE GLASS CO. 138  Agency-Mason, Inc.
Agency—Maxon, Inc. H. K. PORTER COMPANY, INC., (QUAKER RUBBER DIV.)
Agency—The Albert P. Hill Co., Inc.
Agency-Waldie & Briggs, Inc.
Agency—Simmonds & Simmonds, Inc.
Agency—Mercready, Handy & Van Denburgh
RECORDAK CORPORATION (SUB. OF EASTMAN KODAK)
POWDERED METAL PRODUCTS CORP. 116 Agency-Waldle & Briggs Inc. PRATER PULVERIZER CO. 126 Agency-Mimmonds & Bimmonds, Inc. 128 Agency-Mimmonds & Bimmonds, Inc. 128 BECORDAR CORPORATION (SUB. OF EASTMAN KODAK). 59 Agency-L Walter Thompson Co. 136 Agency-Train C. Naheer, Inc. 136 Agency-Train C. Naheer, Inc. 121 SCAIFF COWNIN, Maser & Co., Ltd. 121 SCAIFF COWNIN, Maser & Co., Ltd. 121 SCAIFF COWNIN, Maser & Co., Ltd. 141
Agency—Frank C. Nahser, Inc. ROBBINS & MYERS
Agency—Erwin, Wasey & Co., Ltd. 49
Agency—Walker & Downing, Industrial Div.
Agency-J. Walter Thompson Co.
Agency—Roche, Williams & Cleary, Inc.
Agency—Cunningham & Walsh, Inc.
Agency—Penn & Hamsker, Inc.
Agency—The Blaine Co., Adv.
ROBBING & MYERS.  Agency—Townin, Wassy & Co., Ltd.  Agency—Valler & Downing, Industrial Div.  Agency—Walter & Downing, Industrial Div.  SCOTT PAPER CO.  Asency—J. Walter Thompson Co.  Asency—J. Walter Thompson Co.  Agency—Town Looke, Williams & Cleary, Inc.  SOUTHERN RAILWAY SYSTEM.  Agency—Town Looke, Williams & Cleary, Inc.  SOUTHERN RAILWAY SYSTEM.  Agency—Cron Lambar. Co.  STANDARD PLASTICS CO.  Agency—The Blains Co., Act.  STANDARD PLASTICS CO.  Agency—MCVallo & Assoc.  STOME & WESSTER ENGINEERING CORP. 11  STRATH MORE PAPER CO., Inc.  STRATH MORE PAPER CO., Inc.  STRATH MORE PAPER CO., Inc.  SUN OIL CO.  SUN OIL CO.
STONE & WEBSTER ENGINEERING CORP !!
STRATHMORE PAPER CO
SUN OIL CO
Asserty About Attendant Co., me. SUN OIL CO. 142 Agency Cray & Rogery TIMKEN ROLLER BEARING CO. 12-13 Agency Batten, Barton, Durstine & Onborn, De TINNERMAN PRODUCTS, INC. 76 Agency Heldrum & Fewanith, Inc. TOLEOD SOALE CO. 51
Agency—Batten, Barton, Durstine & Onborn, Inc. TINNERMAN PRODUCTS, INC
TOLEDO SCALE CO
Agency—Reson-Faller-Beichert, Inc. THE TREMCO MFG. CO. 126 Agency—The Griswold-Eshleman Co. TYPHOON AIR CONDITIONING CO., INC. 126 Agency—The Zlowe Co.
Agency—The Griswold-Eshieman Co. TYPHOON AIR CONDITIONING CO., INC., 126
Agency—The Zlowe Co. UNDERWOOD CORP.
Agency-Marschalk & Pratt Co. UNITED STATES ENVELOPE CO
Agency-Wm. B. Remington, Inc. U. S. FIDELITY & GUARANTY CO
Agency-Vansant, Dugdale & Co., Inc.
Agency-Fletcher D. Richards, Inc.
TYPHOON AIR CONDITIONING CD., INC. 126 Agency—The Zloue Co.  Universe of the Co.  Universe of the Co.  Universe of the Co.  Agency—With B. Bentington, Inc.  Agency—Yansast, Dundale & Co.  Agency—Yansast, Dundale & Co.  Universe of the Co.  Universe of the Co.  VACUS BLAST CD. INC.  19 VEEDER-ROOT, INC.  3
Agency-Sutherland-Abbott, Adv.
VIKING CORP
Agency-Arthur R. Mogge, Inc.
WARNER & SWASEY CO
WEBSTER ELECTRIC CO
WARREN WEBSTER & CO
Agency-Cunningham & Walsh, Inc.
Agency—Albert Frank-Guenther Law, Inc. WESTINGHOUSE ELECTRIC CORP
Agency-Fuller & Smith & Ross, Inc.
Agency—Richard H. Brady Co., Inc.
WOMAN'S DAY Agency—Paris & Peart, Adv. 97

# The High Cost of a Free Market

The Supreme Court has fired a shot heard round the merchandising world. In a 6-to-3 decision, it knocked the props out from under the fair-trade laws. Speaking for the majority, Justice Douglas declared resale price-maintenance contracts involving interstate commerce binding only on retailers who sign them. Nonsigners cannot be held to the fixed prices.

The ruling riddled a widely held view that the Miller-Tydings amendment, which permitted interstate contracts under state fair-trade laws, applied to nonsigners as well (BW—May26'51,p25).

The opinion of Justice Douglas and his colleagues upset a well-loaded applecart. In places like New York City, shoppers are witnessing an almost forgotten sight—an old-fashioned price war.

Twenty years ago, when California passed the first fair-trade law, the Great Depression was deepening. Cutthroat competition for a large slice of the dwindling market was forcing many a businessman into bankruptcy. They began asking state legislatures to place the law squarely against price cutting. In 1937 Congress cleared the way for interstate contracts to fix prices under state laws.

This was all part of the struggle by retailers to keep their heads above water during the cruel depression years. NRA was the epitome of this psychology. So were minimum wage laws and price supports for agriculture. It was a time of turning to government.

The Supreme Court's decision is a step in the right direction away from this philosophy. It looks toward more competition, freer markets, a more flexible economy. This is a course that business spokesmen have generally favored, despite lapses in practice. One of these lapses is the resale price-maintenance legislation, initiated principally by small, independent retailers.

The sound economic logic of the court's decision leaves many a small retailer in a dilemma. He admits that the fair-trade legislation is a breach in the antitrust laws. He recognizes the decision as a move to restore the breach. He realizes that the antitrust laws are more vital to him than to virtually any other group.

But the sputtering price wars now following in the wake of the court's action revive old depression memories and fears. Fair traders can argue that such depression devices as farm price supports and minimum wage legislation are still the law of the land.

Can we knock out one part of this rigid structure, leaving the rest? The answer is yes, and we will unless Congress intervenes. Thousands of small independents face the prospect of tougher competition. Economically, that is one of the risks we run to gain the benefits of a free economy. Sociologically, nobody wants to deal a knockout blow to the small merchandiser. We want a society with a wide business base. We believe this

threat is less grave in the present full employment economy than it was 20 years ago. We have confidence in the vitality and ingenuity of the small independent to stand the gaff.

And we should be able to deal with the threat to him short of compromising the antitrust laws. The Unfair Sales acts now on the books of 30 states and vigorous policing by the Federal Trade Commission suggest other lines of attack. The advance made by the court should not be lost.

## Scrap for Steel

The steel industry, like a cow, gets nourishment out of its own cud. Half its food comes from raw material, half from secondary material in the form of used iron and steel that is turned back for resmelting.

Steelmakers can get out their own ores, but they depend on industry for scrap. In World War II, the government asked housewives for worn pots and pans and towns for commemorative cannon. Now the National Production Authority, profiting by experience, asks industry, which is the great producer of scrap, to put speed behind the collection process.

This is one of those instances in which the helper helps himself. Businessmen needing steel can aid by supplying the mills with scrap. It may go through the junk dealer or straight to the secondary smelter.

Worn machines, broken rails, bits of metal dropped in metalworking should be picked up and sent back to the furnaces—quick. Business week urges full support for the industry scrap drive.

## 100% Plus

When the House Ways & Means Committee sits down to write the tax bill, it needs the wisdom of Moses. Not only must ways be found to meet a stupendous budget. Taxes must be applied as a kind of poultice to draw spending power out of the inflationary boom. Financial statesmanship of a high caliber is needed. Political pulling and hauling is what shows.

The latest idiocy is an attempt to squeeze out of the top brackets more supertax than there is taxable income. In a moment of inspired frenzy, the House committee upped all personal income taxes 12½%. People with large incomes already pay 89% on the backet between \$100,000 and \$150,000. Add 12½%, and the rate goes over 100%.

Committee members caught the arithmetic implications and crossed off that one. But the omen is bad. Driven to the short ends of their pencils, they resorted to the old trick of levying the most taxes where the votes are fewest. The country needs a better tax creed than that. GEORGE (PROGRESS



man, just as they insure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must dvancing civilization come to a half and recede.

ARTIST: FRANKLIN WATKINS

### Another new development using

### B. F. Goodrich Chemical Company raw materials



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